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THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE PERSONS OUTSIDE OF THE U.S.

THE DISTRIBUTION OF THIS OFFERING MEMORANDUM IS LIMITED TO “PROFESSIONAL INVESTORS” ONLY AS DEFINED UNDER THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG AND ANY RULES MADE UNDER THAT ORDINANCE); OR FOR A PERSON OUTSIDE HONG KONG, A PERSON TO WHOM SECURITIES MAY BE SOLD IN ACCORDANCE WITH A RELEVANT EXEMPTION FROM PUBLIC OFFER REGULATIONS IN THAT JURISDICTION.

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (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.

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

PRIIPs Regulation/Prohibition of sales to EEA retail investors – 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 EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“MiFID II”); or (ii) a customer within the meaning of Directive 2002/92/EC (the Insurance Mediation Directive), as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the “PRIIPs Regulation”) for offering or selling the securities described herein or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities described herein or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the 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).

Within the United Kingdom, the 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”). The 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. The Offering Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person. Any person who is not a Relevant Person should not act or rely on the Offering Memorandum or any of its contents.

You are reminded that this Offering Memorandum is confidential and has been delivered to you on the basis that you are a person into whose possession this Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and 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 such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the issuer in such jurisdiction. This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of Goldman Sachs (Asia) L.L.C., BOCI Asia Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities plc, UBS AG Hong Kong Branch, incorporated in Switzerland with limited liability, Deutsche Bank AG, Hong Kong, Branch, Haitong International Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, Morgan Stanley & Co. International plc, The Hongkong and Shanghai Banking Corporation Limited, China Industrial Securities International Brokerage Limited, Yuzhou Financial Holdings Limited nor any person who controls any of them nor any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers and Joint Bookrunners.

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\$300,000,000



Yuzhou Group Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

7.85% GREEN SENIOR NOTES DUE 2026

Issue Price: 100% plus accrued interest, if any

The 7.85% Green Senior Notes due 2026 (the “Notes”) will bear interest from August 12, 2020 at 7.85% per annum payable semiannually in arrears on February 12 and August 12 of each year, beginning February 12, 2021. The Notes will mature on August 12, 2026.

The Notes are senior obligations of Yuzhou Group Holdings Company Limited (the “Issuer”) guaranteed (the “Subsidiary Guarantees”) by its existing subsidiaries (the “Subsidiary Guarantors”) other than (i) those organized under the laws of the PRC and (ii) certain other subsidiaries specified in the “Description of the Notes”. Under certain circumstances and subject to certain conditions, a Subsidiary Guarantee required to be provided by a subsidiary of the Company may be replaced by a limited-recourse guarantee (a “JV Subsidiary Guarantee”). We refer to the subsidiaries providing a JV Subsidiary Guarantee as JV Subsidiary Guarantors.

We may at our option redeem the Notes, in whole or in part, at any time and from time to time on or after August 12, 2024, at redemption prices set forth in this offering memorandum plus accrued and unpaid interest, if any, to (but not including) the redemption date. At any time and from time to time prior to August 12, 2024, we may redeem up to 35% of the Notes, at a redemption price of 107.85% of the principal amount, 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 redeem the Notes, in whole but not in part, at any time prior to August 12, 2024, at a price equal to 100% of the principal amount of the applicable Notes plus a premium as set forth in this offering memorandum. Upon the occurrence of a Change of Control Triggering Event (as defined under “Description of the Notes”), we must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the date of repurchase.

The Notes will (1) rank at least pari passu in right of payment against the Issuer with respect to the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2017 Dual Tranche Term Facility, the 2024 Notes, the 2019 Term Loan Facility, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes, the 2021 III Notes (each as defined below) and all unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights pursuant to applicable law), (2) rank senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes, (3) be effectively subordinated to the other secured obligations of the Issuer, the Subsidiary Guarantors and the JV Subsidiary Guarantors (as defined under “Description of the Notes”), to the extent of the assets serving as security therefor, and (4) be effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined under “Description of the Notes”). However, applicable law may limit the enforceability of the Subsidiary Guarantees, the JV Subsidiary Guarantees and the pledge of any Collateral (as defined under “Description of the Notes”). See “Risk Factors – Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral.”

For a more detailed description of the Notes, see “Description of the Notes” beginning on page 255.

The Notes are being issued as “Green Bonds” under our Green Bond Framework. See the section entitled “Notes Being Issued as Green Bonds” beginning on page 152.

Pursuant to the Circular on Promoting the Reform of the Filing and Registration System on the Issuance by Enterprises of Foreign Debt (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號))(the “NDRC Circular”) issued by the National Development and Reform Commission of the PRC or its local counterparts (“NDRC”) on September 14, 2015 which came into effect on the same day, the Company has registered the issuance of the Notes with the NDRC and obtained a certificate from NDRC on July 2, 2020 evidencing such registration and undertakes to provide the requisite information on the issuance of the Notes to the NDRC within 10 business days after the issue date of the Notes.

Investing in the Notes involves risks. See “Risk Factors” beginning on page 31.

Application will be made to The Stock Exchange of Hong Kong Limited (“SEHK”) for the listing of 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 and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, “Professional Investors”) only. This document is for distribution to Professional Investors only. **Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

SEHK has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. **Listing of the Notes on SEHK 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 document.** Hong Kong Exchanges and Clearing Limited and SEHK take no responsibility for the contents of this document, 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 document.

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”), 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 by the Initial Purchasers only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act. For a description of certain restrictions on resale or transfer, see “Transfer Restrictions” beginning on page 338.

The Notes have been provisionally rated “BB-” by Fitch Ratings Services (“Fitch”) and “B1” by Moody’s Investors Service, Inc. (“Moody’s”). The credit ratings accorded to the Notes are not a recommendation to purchase, hold or sell the Notes in as much as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for a given period or that the ratings will not be revised by the rating agencies in the future.

The Notes will be evidenced by a global certificate (the “Global Certificate”) in registered form, which will be registered in the name of a nominee of, and deposited with a common depository for, Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream and their respective accountholders.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Goldman Sachs (Asia) L.L.C.	BOC International	Credit Suisse	J.P. Morgan	UBS	Deutsche Bank
Haitong International	Guotai Junan International	Morgan Stanley	HSBC	China Industrial Securities International	Yuzhou Financial

Sole Green Structuring Advisor

Goldman Sachs (Asia) L.L.C.

The date of the offering memorandum is August 5, 2020

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THIS CONFIDENTIAL OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY NOTE OFFERED HEREBY TO ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS OFFERING MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF OUR COMPANY OR OUR SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING MEMORANDUM IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

IN CONNECTION WITH THIS OFFERING, GOLDMAN SACHS (ASIA) L.L.C., BOCI ASIA LIMITED, CREDIT SUISSE (HONG KONG) LIMITED, J.P. MORGAN SECURITIES PLC, UBS AG HONG KONG BRANCH, INCORPORATED IN SWITZERLAND WITH LIMITED LIABILITY, DEUTSCHE BANK AG, HONG KONG BRANCH, HAITONG INTERNATIONAL SECURITIES COMPANY LIMITED, GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED, MORGAN STANLEY & CO. INTERNATIONAL PLC, THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, CHINA INDUSTRIAL SECURITIES INTERNATIONAL BROKERAGE LIMITED AND YUZHOU FINANCIAL HOLDINGS LIMITED AS STABILIZATION MANAGERS ON BEHALF OF THE INITIAL PURCHASERS, OR ANY PERSON ACTING FOR THE INITIAL PURCHASERS, MAY PURCHASE AND SELL THE NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. THESE ACTIVITIES MAY STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE NOTES. AS A RESULT, THE PRICE OF THE NOTES MAY BE HIGHER THAN THE PRICE THAT OTHERWISE MIGHT EXIST IN THE OPEN MARKET. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED AT ANY TIME AND MUST IN ANY EVENT BE BROUGHT TO AN END AFTER A LIMITED TIME. THESE ACTIVITIES WILL BE UNDERTAKEN SOLELY FOR THE ACCOUNT OF THE STABILIZATION MANAGERS ON BEHALF OF THE INITIAL PURCHASERS, AND NOT FOR OR ON BEHALF OF THE ISSUER. THIS OFFERING MEMORANDUM INCLUDES PARTICULARS GIVEN IN COMPLIANCE WITH THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE ISSUER, THE SUBSIDIARY GUARANTORS AND THE JV SUBSIDIARY GUARANTORS (IF ANY). THE ISSUER, THE SUBSIDIARY GUARANTORS AND THE JV SUBSIDIARY GUARANTORS (IF ANY) ACCEPT 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.

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the 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).

You should rely only on the information contained in this offering memorandum. We have not authorized anyone to provide you with information that is different from that contained in this offering memorandum. We are offering to sell, and seeking offers to buy, the Notes only in jurisdictions where offers and sales are permitted. The information contained in this offering memorandum is accurate only as of the date of this offering memorandum, regardless of the time of delivery of this offering memorandum or any sale of the Notes. Our business, financial condition, results of operations and prospects may have changed since that date.

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 any of the Company, the Joint Bookrunners and Joint Lead Managers, the Trustee, the Paying Agent or the Transfer Agent that any recipient of this offering memorandum should purchase the Notes. Each person receiving this Offering Memorandum acknowledges that such person has not relied on the Joint Bookrunners and Joint Lead Managers, the Trustee, the Paying Agent, the Transfer Agent or on any person affiliated with the Joint Bookrunners and Joint Lead Managers, the Trustee, the Paying Agent or the Transfer Agent in connection with its investigation of the accuracy of such information or its

investment decision, and each such person must rely on its own examination of the Company, and the merits and risks involved in investing in the Notes. See “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Notes.

To the fullest extent permitted by law, none of the Joint Bookrunners and Joint Lead Managers, the Trustee, the Paying Agent, the Transfer Agent or any of their respective affiliates, directors or advisors accepts any responsibility for the contents of this offering memorandum. Each of the Joint Bookrunners and Joint Lead Managers, the Trustee, the Paying Agent and the Transfer Agent or any of their respective affiliates, directors or advisors accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this offering memorandum or any such statement. None of the Joint Bookrunners and Joint Lead Managers, the Trustee, the Paying Agent, the Transfer Agent or any of their respective affiliates, directors or advisors undertakes to review the financial condition or affairs of the Company or the Group during the life of the arrangements contemplated by this offering memorandum nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Joint Bookrunners and Joint Lead Managers, the Trustee, the Paying Agent or the Transfer Agent.

This offering memorandum is highly confidential and has been prepared by us solely for use in connection with the proposed offering of the Notes. We reserve the right to withdraw the offering of the Notes at any time. We and the Joint Lead Managers also reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the Notes offered hereby.

This offering memorandum is personal to the offeree to whom it has been delivered and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the Notes. Distribution of this offering memorandum by you to any person other than those persons, if any, retained to advise you with respect to this offering memorandum is unauthorized, and any disclosure of any of the contents of this offering memorandum, without our prior written consent, is prohibited. By accepting delivery of this offering memorandum, each offeree agrees to the foregoing and to make no photocopies or other reproductions of this offering memorandum.

Each offeree acknowledges that (i) such person has been afforded an opportunity to request from us and to review, and have received, all additional information considered by such person to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum, (ii) such person has not relied on the Joint Lead Managers or any person affiliated with the Joint Lead Managers in connection with such person’s investigation of the accuracy of such information or such person’s investment decision, and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries, the Notes or the Subsidiary Guarantees (other than as contained in this offering memorandum) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Joint Lead Managers.

Laws in certain jurisdictions may restrict the distribution of this offering memorandum and the offer and sale of the Notes. Persons into whose possession this offering memorandum or any of the Notes are delivered must inform themselves about, and observe, any such restrictions. 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 consent, approval or permission required under any regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we nor the Joint Lead Managers shall have any responsibility therefor.

IN MAKING AN INVESTMENT DECISION, YOU MUST RELY ON YOUR OWN EXAMINATION OF OUR BUSINESS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE NOTES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE U.S. SECURITIES ACT OF 1933 AND APPLICABLE STATE SECURITIES LAWS OR EXEMPTION THEREFROM. YOU SHOULD BE AWARE THAT YOU MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. SEE “TRANSFER RESTRICTIONS.”

THE JOINT LEAD MANAGERS HAVE NOT INDEPENDENTLY VERIFIED THE INFORMATION CONTAINED HEREIN. ACCORDINGLY, THE JOINT LEAD MANAGERS ARE NOT MAKING ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION IN THIS OFFERING MEMORANDUM, AND NOTHING CONTAINED IN THIS OFFERING MEMORANDUM IS, OR MAY BE RELIED UPON AS, A PROMISE OR REPRESENTATION, WHETHER AS TO THE PAST, THE PRESENT OR THE FUTURE. THE JOINT LEAD MANAGERS ASSUME NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM.

Neither we nor the Joint Lead Managers or any of our or its respective representatives are making any representation to you regarding the legality of an investment in the Notes by you under applicable legal investment or similar laws. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own advisors as to legal, tax, business, financial and related aspects of the purchase of the Notes.

CERTAIN CONVENTIONS AND CURRENCY PRESENTATION

Market data and certain industry forecasts and statistics in this offering memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us or the Joint Lead Managers or our or its respective directors and advisors, and neither we, the Joint Lead Managers nor our or its respective directors and advisors make any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. This offering memorandum summarizes certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents. In making an investment decision, each investor must rely on its own examination of us and the terms of the offering and Notes, including the merits and risks involved.

The statistics set forth in this offering memorandum relating to the PRC and the property industry in the PRC were taken or derived from various government and private publications. Neither we nor the Joint Lead Managers makes any representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly inconsistent collection methods and other problems, the statistics herein may be inaccurate and should not be unduly relied upon.

In this offering memorandum, references to “China” or the “PRC” are to the People’s Republic of China, excluding Hong Kong, Macau and Taiwan except where the context requires otherwise; references to “US\$” or “U.S. dollars” are to the lawful currency of the United States; and references to “RMB” or “Renminbi” are to the lawful currency of China. We record and publish our financial statements in Renminbi. Solely for your convenience, certain Renminbi amounts in this offering memorandum have been converted into U.S. dollars and certain U.S. dollar amounts have been converted into Renminbi, based on the exchange rate of RMB6.9618 = US\$1.00, which was the noon buying rate as certified for customs purposes by the H.10 weekly statistical release of the Federal Reserve Board for cable transfers for Renminbi on December 31, 2019. No representation is made that the Renminbi amounts could have been, or could be, converted into U.S. dollars at that rate or at any other rate. See “Exchange Rate Information.”

In this offering memorandum, the terms “we,” “us,” “Group” and “our” refer to Yuzhou Group Holdings Company Limited and its subsidiaries, the terms “Issuer” and “Company” refer to Yuzhou Group Holdings Company Limited individually, in each case unless the context otherwise requires, the terms “Initial Purchasers” refer to Goldman Sachs (Asia) L.L.C., BOCI Asia Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities plc, UBS AG Hong Kong Branch, incorporated in Switzerland with limited liability, Deutsche Bank AG, Hong Kong Branch, Haitong International Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, Morgan Stanley & Co. International plc, The Hongkong and Shanghai Banking Corporation Limited and China Industrial Securities International Brokerage Limited and “Joint Lead Managers” refer to Goldman Sachs (Asia) L.L.C., BOCI Asia Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities plc, UBS AG Hong Kong Branch, incorporated in Switzerland with limited liability, Deutsche Bank AG, Hong Kong Branch, Haitong International Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, Morgan Stanley & Co. International plc, The Hongkong and Shanghai Banking Corporation Limited, China Industrial Securities International Brokerage Limited and Yuzhou Financial Holdings Limited.

Unless the context otherwise requires, each phase of a property development project referred to in this offering memorandum is considered as a separate property development.

Unless the context otherwise requires, references to “2017”, “2018” and “2019” in this offering memorandum are to our financial years ended December 31, 2017, 2018 and 2019, respectively.

References to the “Tender Offer” are to our offer to purchase for cash an aggregate principal amount up to but not more than US\$300,000,000 of our outstanding 2021 Notes validly tendered, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated August 5, 2020, including the successful consummation of the issuance of the Notes.

References to the “2018 Notes” are to the US\$300,000,000 8.75% Senior Notes due 2018, which were fully redeemed by us on October 4, 2016.

References to the “2019 Notes” are to the US\$300,000,000 8.625% Senior Notes due 2019, which were fully redeemed by us on February 27, 2017.

References to the “2019 II Notes” are to the US\$250,000,000 9.00% Senior Notes due 2019, which were fully redeemed by us on December 8, 2017.

References to the “2020 Notes” are to the US\$200,000,000 5.5% Senior Notes due 2020. We repaid the 2020 Notes at maturity in July 2020.

References to the “2020 II Notes” are to the US\$40,000,000 6.9% Senior Notes due 2020. We repaid the 2020 II Notes at maturity in July 2020.

References to the “2021 Notes” are to the US\$375,000,000 6.375% Senior Notes due 2021.

References to the “2021 II Notes” are to the US\$625,000,000 7.90% Senior Notes due 2021.

References to the “2021 III Notes” are to the US\$40,000,000 7.5% Senior Notes due 2021.

References to the “2022 Notes” are to the US\$350,000,000 6.00% Senior Notes due 2022.

References to the “2022 II Notes” are to the US\$500,000,000 8.625% Senior Notes due 2022.

References to the “2023 Notes” are to the US\$650,000,000 6.00% Senior Notes due 2023.

References to the “2023 II Notes” are to the US\$500,000,000 8.5% Senior Notes due 2023.

References to the “2024 Notes” are to the US\$500,000,000 8.5% Senior Notes due 2024.

References to the “2024 II Notes” are to the US\$500,000,000 8.375% Senior Notes due 2024.

References to the “2025 Notes” are to the US\$500,000,000 8.3% Senior Notes due 2025.

References to the “2025 II Notes” are to the US\$400,000,000 7.7% Senior Notes due 2025.

References to the “2026 Notes” are to the US\$645,000,000 7.375% Senior Notes due 2026.

References to the “2016 Term Loan Facility” are to the term loan facility of up to US\$400,000,000 that we entered into with Bank of China (Hong Kong) Limited, The Bank of East Asia, Limited, China Construction Bank (Asia) Corporation Limited, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Luso International Banking

Limited, Nanyang Commercial Bank, Limited and Wing Lung Bank Limited as the arrangers and lenders, and The Hongkong and Shanghai Banking Corporation Limited as agent on September 2, 2016. We repaid the 2016 Term Loan Facility at maturity in March 2020.

References to the “2017 Dual Tranche Term Facility” are to dual tranche term facility of up to US\$258,000,000 and HK\$334,000,000 that we entered into with China Construction Bank (Asia) Corporation Limited, Chiyu Banking Corporation Limited, Fubon Bank (Hong Kong) Limited, Hang Seng Bank Limited, Nanyang Commercial Bank (China) Limited, Shenzhen Branch 南洋商業銀行(中國)有限公司深圳分行, Shanghai Pudong Development Bank Co Ltd, Hong Kong Branch, The Bank of East Asia, Limited 東亞銀行有限公司 and The Hongkong and Shanghai Banking Corporation Limited as the arrangers and lenders, and The Hongkong and Shanghai Banking Corporation Limited as agent on November 1, 2017.

References to the “2019 Term Loan Facility” are to the term loan facility of up to US\$220,000,000 with the possibility of incremental term loan facilities that we entered into with China Construction Bank Corporation, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank Limited, Bank of China (Hong Kong) Limited, Nanyang Commercial Bank, Limited and CMB Wing Lung Bank Limited, as arrangers and lenders, and The Hongkong and Shanghai Banking Corporation Limited, as agent, on October 16, 2019.

References to the “2020 Term Loan Facility” are to the term loan facility of up to US\$30,000,000 with the possibility of incremental term loan facilities that we entered into with Hang Seng Bank Limited, as lender, on May 27, 2020.

References to the “2020 Term Loan Facility II” are to the term loan facility of up to US\$40,000,000 with the possibility of incremental term loan facilities that we, as guarantor, entered into with Great Bonus Limited, as borrower, and Hang Seng Bank Limited, as lender, on May 27, 2020.

References to “BVI” are to British Virgin Islands.

References to the “Senior Perpetual Securities” are to the US\$300,000,000 Senior Perpetual Securities.

A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to the customer. All site area and gross floor area (“GFA”) information presented in this offering memorandum represent the site area and GFA of the entire project, including those attributable to the minority shareholders of our non-wholly owned project companies. References to “sq.m.” are to the measurement unit of square meters. The total GFA of a project comprises saleable GFA and non-saleable GFA and refers to (i) total GFA completed for completed property developments and (ii) total GFA under development for properties under development. Saleable GFA refers to (i) the internal floor areas, exclusive of non-saleable GFA (which refers to certain communal facilities, including, among others, schools), allocated to the residential units and other properties that we develop for sale and (ii) GFA that is held for investment only (including office buildings for rent, retail shop units, hotels, schools and kindergartens and certain car park spaces).

In this offering memorandum, a “land grant contract” refers to a state-owned land use rights grant contract (國有土地使用權出讓合同) between a developer and the relevant PRC governmental land administrative authorities, typically the local state-owned land bureaus.

In this offering memorandum, a “land use rights certificate” refers to a state-owned land use rights certificate (國有土地使用證) or a real estate certificate (不動產權證) issued by a local real estate and land resources bureau with respect to the land use rights; a construction land planning permit refers to a construction land planning permit (建設用地規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China; a construction works planning permit refers to a construction works planning permit (建設工程規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China; a construction permit refers to a construction works commencement permit (建築工程施工許可證) issued by local construction committees or equivalent authorities in China; a pre-sale permit refers

to a commodity property pre-sale permit (商品房預售許可證) issued by local housing and building administrative bureaus or equivalent authorities with respect to the pre-sale of relevant properties; a certificate of completion refers to an inspection and acceptance form of construction completion (竣工驗收備案表); and a property ownership certificate refers to a property ownership certificate (房屋所有權證) (or in certain areas of the PRC, a property ownership and land use rights certificate (房地產權證)) or a real estate certificate (不動產權證) issued by a local real estate bureau with respect to the ownership rights of the buildings on the relevant land.

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

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

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this offering memorandum. These forward-looking statements include, but are not limited to, statements relating to:

- our operations and business prospects;
- future developments, trends and competition in the real estate industry in the PRC;
- products under development or planning;
- our strategy, business plans, objectives and goals;
- our capital expenditure plans;
- our dividend distribution plans;
- the amount and nature of, and potential for, future development of our business;
- general economic conditions in the PRC; and
- changes to regulatory and operating conditions in the markets in which we operate.

In some cases we use words such as “aim”, “anticipate”, “believe”, “estimate”, “expect”, “going forward”, “intend”, “may”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would” and other similar expressions to identify forward-looking statements. All statements other than statements of historical facts included in this offering memorandum, including statements regarding our strategy, projected costs and plans and objectives of management for future operations, are forward-looking statements. We can give no assurance that those expectations will prove to have been correct, and you are cautioned not to place undue reliance on such statements.

Furthermore, these forward-looking statements merely reflect our views with respect to future events and are not a guarantee of future performance. Our financial condition may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, factors disclosed under the sections headed “Risk Factors”, beginning on page 31 of this offering memorandum, and elsewhere in this offering memorandum and the following:

- demand for our properties;
- changes in the general operating environment of the PRC real estate industry;
- general economic, market and business conditions in the United States, Europe, Asia and globally;
- the effects of competition on the demand for and the prices of our properties;
- the development of new products affecting our current and future business;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices; and
- other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation and do not intend to update or otherwise revise the forward-looking statements in this offering memorandum, whether as a result of new information, future events or otherwise. Because of these risks, uncertainties or assumptions, the forward-looking events and circumstances discussed in this offering memorandum might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements contained in this offering memorandum are qualified by reference to this cautionary statement.

ENFORCEABILITY OF CIVIL LIABILITIES

We are an exempted company incorporated under the laws of the Cayman Islands with limited liability and operate principally in the PRC. As substantially all of our business is conducted, and substantially all of our assets are located, in the PRC, our operations are generally affected by and subject to the PRC legal system and PRC laws and regulations. All or substantially all of our directors and officers and the experts named herein may be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon us, any of the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any), or such persons or to enforce against us, any of the Subsidiary Guarantors or the JV Subsidiary Guarantors (if any) or such persons judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

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 three decades has significantly enhanced the protections afforded to various forms of foreign investment in China. As a result of this activity to develop the legal system, the system of laws in China 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 interpretation, and prior court decisions may be cited for reference but have limited weight as precedent. It may be difficult for investors to effect service of process upon us or our directors and officers. We have been advised by Commerce & Finance Law Offices, our PRC legal adviser, that it is uncertain whether the courts of the PRC would (i) enforce against us, or our directors and officers, judgments obtained in courts or arbitration tribunals outside the PRC which are predicated upon the laws of jurisdictions other than the PRC, including 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 our directors and officers, predicated upon U.S. federal or state securities laws.

We have similarly been advised by Harney Westwood & Riegels, our counsel as to Cayman Islands laws, that it is uncertain whether the courts of the Cayman Islands would (i) enforce against us judgments obtained in courts or arbitration tribunals outside the Cayman Islands which are predicated upon the laws of jurisdictions other than the Cayman Islands, including the civil liability provisions of U.S. federal or state securities laws or (ii) entertain original actions brought in the Cayman Islands against us predicated upon U.S. federal or state securities laws. Harney Westwood & Riegels have 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 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, an in personam judgment for non-monetary relief, and would give a judgment based thereon provided that: (a) such courts had proper jurisdiction over the parties subject to such judgment; (b) such courts did not contravene the rules of natural justice of the Cayman Islands; (c) such judgment was not obtained by fraud; (d) the recognition or enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial statements and related notes as of December 31, 2017, 2018 and 2019 and for the years ended December 31, 2017, 2018 and 2019, included elsewhere in the offering memorandum, have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which differ in certain respects from generally accepted accounting principles in certain other countries. We also use certain non-HKFRS financial measures to present our financial information in this offering memorandum.

GLOSSARY OF TECHNICAL TERMS

“commodity properties”	residential properties, commercial properties and other buildings that are developed by property developers for the purposes of sale or lease after their completion.
“GFA”	gross floor area.
“land grant contract”	an agreement between a property developer and a PRC land authority in respect of the grant of the state-owned land use rights of a parcel of land to such property developer.
“land use rights certificate”	a certificate issued by a local PRC property and land resources bureau with respect to the land use rights.
“LAT”	land appreciation tax.
“pre-sale”	sale of properties prior to the completion of their construction, after the satisfaction of certain conditions under PRC laws and regulations.
“sq.m.”	square meter(s).

SUMMARY

The following summary highlights information contained elsewhere in this offering memorandum. Because this is only a summary, it does not contain all of the information that you should consider before deciding to invest in the Notes. You should read this entire offering memorandum carefully, including the “Risk Factors” section and our consolidated financial statements and related notes.

Overview

We are one of the leading national property developers with our headquarters in Shanghai. We have consistently been named as one of the “Top 100 China Real Estate Enterprises” (中國房地產百強企業). Our primary focus is developing high-quality residential properties. In order to diversify our portfolio, we also develop retail and commercial properties, including office buildings, shopping malls and hotels, and retain some of them as long-term investments. In addition, we engage in property-related businesses such as residential and commercial property management. We have a track record of successfully bringing real estate projects in West Strait Economic Zone, Yangtze River Delta Region, Bohai Rim Region, Greater Bay Area, Central China Region and Southwest Region to the market. We have ranked top in Xiamen in terms of GFA contractually sold per annum for more than 13 years. In December 2019, Morgan Stanley Capital International (the “MSCI”) released the 2019 ESG (Environmental, Social and Governance) Rating, and we were upgraded to BBB in ESG Rating, ranking the 1st among the domestic real estate enterprises. We were also ranked the 1st in both lists of “Best Investor Relations – Investment Grade” and “Best Use of Debt – Investment Grade” in the real estate and construction sector by an international authoritative financial magazine named “Institutional Investor” under its list of “Global Fixed-Income Executive Team 2019.” In the same year, we were ranked the 36th in “2019 Best 50 China Real Estate Developers” for the eighth year and the 34th in “2019 Best 50 China Real Estate Listed Companies with Strongest Comprehensive Strengths,” and were awarded the 2nd place in the “2019 Top 5 China Real Estate Listed Companies with Best Business Performances.” On February 6, 2018, Yuzhou Properties was incorporated into one of the constituent stocks of the “Hang Seng Composite LargeCap and MidCap Index”. On May 16, 2018, Yuzhou was selected as a constituent of the MSCI China Index and we became one of few property stocks in the MSCI China Index. After being selected into the Shenzhen-Hong Kong Stock Connect program in 2016, we were also incorporated into the Shanghai-Hong Kong Stock Connect program in 2018. The incorporation demonstrates high recognition of Yuzhou Properties’ enterprise value, stock liquidity and business performance from the market and professional organizations. We believe that our incorporation into the “Hang Seng Composite LargeCap and MidCap Index” as well as MSCI China Index will help further facilitate stock liquidity and trading volume, fostering the expansion of quality shareholders’ base of the Group. In January 2018, we received the “Shenzhen-Hong Kong Stock Connect Best Investment Value Award” at the “2017 China Financial Market Awards” hosted by *China Financial Market*, a well-known financial magazine. We were also awarded the “2017 Hong Kong Golden Stocks” Most Valuable Real Property Company Award” at the “2017 Hong Kong Golden Stocks” Listed Company Nomination Ceremony”. In 2018, China Real Estate Research Association, China Real Estate Association and CRIC jointly named us as one of the “2018 Best 50 China Real Estate Developers (Rank 37th)” and “2018 Best 10 China Real Estate Developers with Development Potential (Rank 3rd)”; China Real Estate Association and CRIC also ranked us as one of “2018 Best 50 China Real Estate Listed Companies with Strongest Comprehensive Strengths (Ranked the 35th)” and “2018 Best 5 China Real Estate Listed Companies with Business Performances (Ranked 2nd)”, as well as “2018 Fujian’s Top 10 Development Real Estate Enterprises (Rank 4th)”, “2018 Top 50 Chinese Real Estate Enterprises by Brand Value (Rank 31st)”; we were also awarded by Guandian.cn with “2018 China’s 100 Best Real Estate Enterprises (Rank 36th)”, “2018 China’s Top 30 Listed Real Estate Enterprises (G30) (Rank 28th)”, “2018 China’s Real Estate Enterprises with Best Brand Value (Top 30)”. In addition, we were also listed as “Top 100 Hong Kong Listed Companies Awards – Outstanding Property Industry Award” by Tencent and Finet, “2018 Quality Chinese Real Estate Enterprises Award” by the Organizing Committee for Quality Chinese Real

Estate Enterprises Award, “2018 Corporate Social Responsibility Exemplar Award” by China Finance Summit, “2018 Shanghai Property Management Outstanding Demonstration Project Award” by Shanghai property management industry association and Shanghai “Magnolia Gold Award” in construction project by Shanghai construction industry association. We believe that this track record, together with the strong recognition of our “Yuzhou” brand and leading position across West Strait Economic Zone, Yangtze River Delta Region and Bohai Rim Region, positions us well to continue to expand into other cities in China. Our shares have been listed on the main board of the Stock Exchange of Hong Kong (the “SEHK”) since November 2009 and our market capitalization was approximately HK\$18,197 million as of July 31, 2020.

We commenced our property development business in 1994. As of December 31, 2019, we had 156 projects (including our projects held for future development and potential projects) at various stages of development located in Xiamen, Nanjing, Shanghai, Fuzhou, Tianjin, Hefei, Bengbu, Quanzhou, Longyan, Zhangzhou, Suzhou, Hangzhou, Wuhan, Huizhou, Zhoushan, Yangzhou, Qingdao, Tangshan, Shenyang, Beijing, Bozhou, Zhengzhou, Foshan, Chongqing, Ningbo, Shijiazhuang, Wuxi and Hong Kong. As of December 31, 2019, we had 60 projects completed with a total site area of approximately 4,237,129 sq.m. and a total GFA of approximately 12,198,128 sq.m., and 76 projects under development with a total site area of approximately 6,621,418 sq.m. and a total GFA of approximately 15,663,025 sq.m. As of the same date, we had 20 projects held for future development and potential projects with a total site area of approximately 3,607,055 sq.m. and a total GFA of approximately 4,284,700 sq.m. We have obtained land use rights certificates for the land for 155 of our projects completed, under development or held for future development. We are in the process of obtaining the land use rights certificates for 1 of our projects.

We believe that our success is attributable to our commitment to high-quality design and development, and our attention to details. For example, our “Yuzhou” brand has been recognized as a “Famous Brand” (著名商標) by the Fujian provincial government and the Xiamen municipal government and was named “2014 The Most Valuable Brand of China Property Sector” at the Boao Forum – 2014 China Properties Development and Ceremony of China Property Ranking held in Hainan Boao, China (the “Boao Forum”). In January 2014, we were awarded the “2013 Most Influential Property Company” by Fujian Daily (福建日報).

In 2017, 2018 and 2019, we delivered total GFA of approximately 1,502,611 sq.m., 1,536,405 sq.m. and 1,808,347 sq.m., respectively, generating revenue from property development of RMB21,213.4 million, RMB23,625.9 million and RMB22,470.2 million, respectively. Our revenue generated from property development during the three-year period ended December 31, 2019 was primarily from sales of residential properties and, to a lesser extent, from sales of retail properties and car park spaces. Revenue generated from sales of properties accounted for approximately 97.8%, 97.2% and 96.7% of our revenue generated from property development in 2017, 2018 and 2019, respectively. In 2017, 2018 and 2019, our net profit for the year was approximately RMB3,127.1 million, RMB3,726.1 million and RMB3,966.8 million, respectively.

We intend to continue to focus on property developments in West Strait Economic Zone, Yangtze River Delta Region, Bohai Rim Region, Greater Bay Area, Central China Region and Southwest Region while pursuing a strategy of prudent growth by continuing our expansion in PRC property markets that may present higher-growth potential, including Xiamen, Fuzhou, Shanghai, Beijing, Tianjin, Nanjing, Hefei, Hangzhou, Suzhou, Quanzhou, Zhangzhou, Longyan, Bengbu and Hong Kong. We intend to continue to focus primarily on the development of residential properties while diversifying our property mix by increasing our commercial property development in the future.

Recent Developments

Change of Company Name

On April 24, 2020, we announced a proposal to change the English name of the Company from “Yuzhou Properties Company Limited” to “Yuzhou Group Holdings Company Limited” and the dual foreign name in Chinese of the Company from “禹洲地產股份有限公司” to “禹洲集團控股有限公司”. We believe that the change of the Company name reflects the long-term diversified business strategy of the Group and better promotes our corporate image and future business development. On June 4, 2020, the special resolution to approve the change of the Company name was passed by the shareholders of the Company at the annual general meeting. The change of the Company name became effective on June 5, 2020.

Acquisition of Hutchison Whampoa Properties (Chengdu) Limited

On July 23, 2020, RZ3262019 Limited, a company jointly and equally owned by our joint venture and Chengdu Ruizhuo Real Estate Co., Ltd. (成都瑞卓置業有限公司), entered into an amendment acquisition agreement with Happy Lion Ventures Ltd. and Chinex Limited, both of which are indirect wholly-owned subsidiaries of CK Asset Holdings Limited (Stock Code: 1113). Completion of the acquisition took place on the same date. The consideration for the acquisition is equal to the aggregate of US\$26,000,000 and the net assets of certain subsidiaries of Happy Lion Ventures Ltd. and Chinex Limited. Upon completion of the acquisition, RZ3262019 Limited indirectly holds 100% equity interests of Hutchison Whampoa Properties (Chengdu) Limited (和記黃埔地產(成都)有限公司), a company incorporated in China, which is principally engaged in the property development known as “Chengdu Le Parc” (南城都匯商住項目) in Chengdu, China, comprising residential and commercial units and car parks. We believe the acquisition aligns with the interest of our shareholders and will strengthen our business in property development.

Tender Offer of 2021 Notes

Concurrent with the offering of the Notes, we have commenced the Tender Offer to purchase for cash an aggregate principal amount up to but not more than US\$300,000,000 of our outstanding 2021 Notes validly tendered, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated August 5, 2020. The expiration deadline for holders of the 2021 Notes to participate in the Tender Offer is 4:00 p.m., London time, on August 12, 2020.

Corporate Bonds

On July 24, 2020, Xiamen Yuzhou Grand Future completed the issuance of its first tranche five-year unsecured corporate bonds in China with an aggregate principal amount of RMB5.2 billion, of which Type I was issued with an aggregate principal amount of RMB1.5 billion at a coupon rate of 6.5% per annum at 100% of the face value. At the end of the second year and the fourth year of Type I, Xiamen Yuzhou Grand Future has a right to adjust the coupon rate, and the investors can exercise a repurchase option. The corporate bonds are listed on the Shanghai Stock Exchange.

Asset-backed Securities

On July 14, 2020, certain subsidiaries of the Company issued RMB1,043 million two-year Asset-backed Securities with deduction of certain percentage of upfront fee in the PRC. The Asset-backed Securities are backed by the right of receipt of the remaining sales proceeds of certain properties to be delivered from a variety of projects. As of the date of this offering memorandum, the entire amount of the Asset-backed Securities remains outstanding.

Issuance of the 2021 III Notes

On June 12, 2020, we issued an aggregate principal amount of US\$40,000,000 7.5% Senior Notes due 2021. See “Description of Other Material Indebtedness – 2021 III Notes.”

Issuance of the 2025 II Notes

On February 20, 2020, we issued an aggregate principal amount of US\$400,000,000 7.7% Senior Notes due 2025. See “Description of Other Material Indebtedness – 2025 II Notes.”

Issuance of the 2026 Notes

On January 13, 2020, we issued an aggregate principal amount of US\$645,000,000 7.375% Senior Notes due 2026. See “Description of Other Material Indebtedness – 2026 Notes.”

Newly acquired projects

As of June 30, 2020, we have acquired 11 parcels of land with an aggregate GFA of 1,369,190 sq.m.

Suzhou Baimajian 2019-WG-47 Project(蘇地白馬潤2019-WG-47號)

Suzhou Baimajian 2019-WG-47 Project is located in High-tech development district in Baimajian, Suzhou. It has a site area of 76,552 sq.m. and a total GFA of 99,518 sq.m. We currently hold a 49% interest in this project and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Suzhou Baimajian 2019-WG-60 Project(蘇地白馬潤2019-WG-60項目)

Suzhou Baimajian 2019-WG-60 Project is located in High-tech development district in Baimajian, Suzhou. It has a site area of 64,416 sq.m. and a total GFA of 65,060 sq.m. We currently hold a 49% interest in this project and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Chengdu Qionglai QL2020-05 Project(成都邛崃QL2020-05項目)

Chengdu Qionglai QL2020-05 Project is located in West Street, Central city area, Qionglai. It has a site area of 15,822 sq.m. and a total GFA of 39,555 sq.m. We currently hold a 100% interest in this project and intend to develop it into a residential and commercial project. We have not obtained the land use rights certificate for this project.

Wuxi Binhu XDG62 Project(無錫濱湖XDG62項目)

Wuxi Binhu XDG62 Project is located in southeast of the intersection of Zhenze Road and Xincheng Road, Binhu District, Wuxi. It has a site area of 76,017 sq.m. and a total GFA of 152,034 sq.m. We currently hold a 100% interest in this project and intend to develop it into a residential project. We have not obtained the land use rights certificate for this project.

Yangzhou Hanjiang GZ178 Project(揚州邗江GZ178項目)

Yangzhou Hanjiang GZ178 Project is located in the east of Guanchao Road and the south of Zhuxi Road, Hanjiang District, Yangzhou. It has a site area of 179,920 sq.m. and a total GFA of 300,466 sq.m. We currently hold a 30% interest in this project and intend to develop it into a residential and commercial project. We have not obtained the land use rights certificate for this project.

Wuxi Binhu XDG52 Project(無錫濱湖XDG52項目)

Wuxi Binhu XDG52 Project is located in southwest of the intersection of Qingyan Road and Wenjiao Road, Jingkai District, Binhu District, Wuxi. It has a site area of 83,400 sq.m. and a total GFA of 150,120 sq.m. We currently hold a 50% interest in this project and intend to develop it into a residential project. We have not obtained the land use rights certificate for this project.

Suzhou Xiangcheng WG32 Chengyang Project(蘇州相城WG32澄陽項目)

Suzhou Xiangcheng WG32 Chengyang Project is located in the north of Litanghe Road and the west of Chengyun Road, Xiangcheng District, Suzhou. It has a site area of 40,173 sq.m. and a total GFA of 80,346 sq.m. We currently hold a 30% interest in this project and intend to develop it into a residential project. We have not obtained the land use rights certificate for this project.

Changzhou Tianning JZX20200801 Project(常州天寧JZX20200801項目)

Changzhou Tianning JZX20200801 Project is located in the north of Qinglong West Road and the west of Hengtanghe Road, Tianning District, Changzhou. It has a site area of 74,207 sq.m. and a total GFA of 133,573 sq.m. We currently hold a 49% interest in this project and intend to develop it into a residential project. We have not obtained the land use rights certificate for this project.

Hefei Feidong FD202004 Project(合肥肥東FD202004項目)

Hefei Feidong FD202004 Project is located in the west of Qiaotouji Road and the south of Heping Road, Cuo Town, Feidong County, Hefei. It has a site area of 73,848 sq.m. and a total GFA of 147,696 sq.m. We currently hold a 100% interest in this project and intend to develop it into a residential project. We have not obtained the land use rights certificate for this project.

Ningbo Beilun Xinqi Project(寧波北侖新碶項目)

Ningbo Beilun Xinqi Project is located in the north of Mingzhou West Road, Beilun District and the east of Fengyang First Road, Ningbo. It has a site area of 36,435 sq.m. and a total GFA of 72,870 sq.m. We currently hold a 100% interest in this project and intend to develop it into a residential project. We have not obtained the land use rights certificate for this project.

Shaoxing Keqiao Olympic Sports Center Project(紹興柯橋奧林匹克運動中心項目)

Shaoxing Keqiao Olympic Sports Center Project is located in the north side of the Olympic Sports Center in Keqiao District and the east side of the Sanjiang River, next to the Civic Center, Shaoxing. It has a site area of 61,767 sq.m. and a total GFA of 127,952 sq.m. We currently hold a 100% interest in this project and intend to develop it into a residential project. We have not obtained the land use rights certificate for this project.

Accumulated sales

For the seven months ended July 31, 2020, the accumulated sales of the Company and its subsidiaries was RMB53,881 million representing an increase of 56.0% as compared to RMB34,536 million recorded for the seven months ended July 31, 2019. The corresponding GFA sold was 3,285,777 sq.m. The average selling price was RMB16,399 per sq.m. In addition, approximately RMB1,166 million was subscribed but in the process of signing contracts as at July 31, 2020.

Our Competitive Strengths

One of the leading national property developers with a strong focus on West Strait Economic Zone and Yangtze River Delta Region

We are one of the leading national property developers with our headquarters in Shanghai. We have consistently been named as one of the “Top 100 China Real Estate Enterprises” (中國房地產百強企業). In particular, we have been ranked top in Xiamen for more than 13 years in terms of GFA and amount of contracted sales. In the year ended December 31, 2019, the total area and amount of our contracted sales were 4,971,208 sq.m. and RMB75,115.2 million, respectively. Xiamen is located in the heartland of the West Strait Economic Zone, an economic development zone in the southeastern region of China established to promote regional economic integration and cooperation between Fujian Province and Taiwan, given Fujian’s strategic location connecting the Pearl River Delta Area and the Yangtze River Delta Area.

Most of the land reserves in Xiamen we have acquired are centrally located in commercial areas or offer attractive views. We acquired the majority of our land reserves in the past at prices that were substantially lower than their current market value. We believe our market foresight and in-depth understanding of the property market arising out of the collective experience of our management team, as well as our extensive market research, have enabled us to seek and capitalize on land acquisition opportunities at relatively early stages in their long-term appreciation.

As part of our key strategies, we have also pursued strategic growth and geographic diversity through expansion into other PRC property markets such as Fuzhou, Quanzhou, Zhangzhou, Shanghai, Nanjing, Hefei, Tianjin, Bengbu, Zhangzhou, Hangzhou, Suzhou and Wuhan. We have also expanded our business into Hong Kong through our Yuzhou Upper Central. In particular, since 2015, the Group has become one of the top three developers in Hefei based on GFA pre-sold. We believe these PRC property markets have attractive growth potential and provide us with opportunities to develop projects that are likely to attract strong interest among buyers and tenants, thus increasing our revenue and profitability. We believe our current land reserves provide us with project development opportunities for the next few years. We will continue, however, to seek new opportunities for growth in selected cities across China that we believe have market growth potential.

High-quality projects and products

We believe the distinctive designs and quality of our projects have successfully distinguished us in the highly competitive property markets in which we operate. Our design team focuses on providing high-quality and designs, as well as added value for our customers. For example, our Yuzhou The Jiqing project promoted the concept of “Boutique Building 3.5 (精築3.5)”, which places an emphasis on art, experience and openness. For this project, we invited artists to contribute designs such that the project incorporates historical elements of Nanjing. In order to cater to the everyday needs of property owners, the project paid attention to various details, such as providing, among other things, a gallery-like parking space, a sky lounge and a refuse room for classified waste. We believe that this project has drawn the attention of customers and boosted our sales. Moreover, we have begun to provide our customers with “green buildings”, which are buildings designed to be more sustainable and environmentally friendly. Our Xiamen Yuzhou Plaza has already received a U.S. Leadership in Energy & Environmental Design Platinum rating, a globally recognized symbol of excellence in green buildings. Nine of our new residential and commercial projects adopted the standards of the Green Building Design Label issued by the Ministry of Housing and Urban-Rural Development of the PRC, indicating our care for and attention to environmental protection and corporate social responsibility. Furthermore, in our Yuzhou Golden Seacoast and Shuilian Manor projects, our layout design increases the usage area by a factor of approximately 30-40% over saleable GFA. Our design for certain units in our Yuzhou Jinqiao International project increased the usage area by a factor of at least 90% over saleable GFA. Please see individual project descriptions in “– Completed Projects” and “– Projects under Development” for more details. We believe that, by providing more usage area to our customers, we are able to translate our designing

strengths into higher prices. We believe our Yuzhou Overseas City project was one of the first residential complexes in Xiamen to utilize a computerized security system with a variety of advanced features such as monitoring sensors and control rooms. We have retained leading domestic and international design firms to advise our design team on critical aspects of property developments such as master planning and architectural, landscape and interior design. Utilizing our knowledge of and insights into market trends, we have offered high-quality projects and products which have received awards from and been recognized by different organizations, and have also been well-received by our customers.

We have received various awards in recognition of our property design. For example, Yuzhou Cloud Top International, Yuzhou Riverside City Town and Yuzhou Plaza(禹洲廣場) were awarded the “Guangsha Award” by China Real Estate Association and History of Housing and Urban-Rural Development of the People’s Republic of China. In 2018, our project Yuzhou Huating (Yuzhou Bustling Center) won the “Shanghai Property Management Outstanding Demonstration Project Award”, our project Shanghai Yuzhou Beautiful Garden Life won the “Magnolia Award of Shanghai Construction Project” by Shanghai Construction Trade Association and our project Yuzhou Yongjiang Mansion won the “Best Pre-sale Property of the Year” in the 13th Kinpan Awards (Southern China) organized by Times House, a specialized magazine in the property industry. In 2016, our project located at No. 48 Caine Road in Hong Kong won the highest Provisional Platinum rating under BEAM PLUS, a rating given to projects that are exemplary models of ‘green’ buildings in Hong Kong that focus on improving environmental quality and energy efficiency. Our Yuzhou Bustling Center project was awarded “Most Influential Property in 2015” by Sohu and “Gold Award of Hot Sale Property in Shanghai in 2015” by fang.com. Our Yuzhou Cambridge Town Project was named the “2015 Most Expected Property in Fuzhou”. In 2014, our Yuzhou Central Coast project was awarded the “City Complex with the Strongest Impetus”. Our Yuzhou Plaza project also received “The Award of the Most Influential Office Building in Xiamen 2014”. Our Yuzhou Skyline was named “Heifei’s Most Influential Property” and “Best Living Environment Property.” We seek to position our brand name “Yuzhou” as being closely associated with premium quality developments and distinctive designs, and we believe that we have successfully cultivated a premium brand image.

We have substantial, high-quality and low-cost land reserves in high-growth areas to support our future development

We strive to identify the appropriate timing and location for land acquisition, to be selective and prudent when the market overheats and remain active when the market sentiment is weak. For example, we refrained from making major land purchases via public auctions or government listings-for-sale during 2007 and 2008 as we felt land prices were over-inflated.

We undertake substantial market research and leverage our experience and market knowledge to identify what we believe to be high-quality, well-located land in cities with high growth potential.

We believe we have been able to maintain a relatively low land cost base. We have been able to keep our recognized land cost below 40% of recognized property sales since 2007. For the years ended December 31, 2017, 2018 and 2019, our recognized land acquisition cost, recognized in cost of sales, accounted for 31.7%, 28.7% and 36.5% of revenue from property development, respectively.

We do not solely rely on public auctions or government listings-for-sale for land acquisitions. We have experience acquiring land through other means, such as acquisitions of project companies from third parties. We believe that our ability to acquire land through diversified channels provides us with more opportunities to acquire land at a low cost.

Besides seeking to keep our land cost low, we also aim to maintain an optimally sized land bank. As of December 31, 2019, we had a total land bank of 20.1 million sq.m. of saleable GFA.

Well-recognized brand and effective marketing

Our success in the past has helped us to develop our brand name “禹洲” (“Yuzhou”), which is now synonymous with high-quality, well-designed residential developments in the PRC. Our “Yuzhou” brand was recognized as a “Famous Brand” by the Fujian provincial government and the Xiamen municipal government and was named “2014 The Most Valuable Brand of China Property Sector” at the Boao Forum. In 2019, we were ranked the 36th in “2019 Best 50 China Real Estate Developers” for the eighth year and the 34th in “2019 Best 50 China Real Estate Listed Companies with Strongest Comprehensive Strengths,” and were awarded the 2nd place in the “2019 Top 5 China Real Estate Listed Companies with Best Business Performances.” In 2018, China Real Estate Research Association and China Real Estate Association and CRIC jointly named us as “2018 Best 50 China Real Estate Developers (Rank 35th),” “2018 Best 10 China Real Estate Developers with Development Potential (Rank 3rd),” “2018 Best 5 China Real Estate Listed Companies with Best Business Performances (Rank 2nd),” “2018 Fujian’s Top 10 Development Real Estate Enterprises (Rank 4th)” and “2018 Top 50 Chinese Real Estate Enterprises by Brand Value (Rank 31st);” China Real Estate Chamber of Commerce, China Real Estate Business, China Real Estate Website and China Real Estate Think Tank also ranked us as one of “2018 Best Chinese Real Estate Companies by Brand Value (Rank 39th);” Guandian.cn listed us as “2018 Ranking of China’s 100 Best Real Estate Enterprises (Rank 36th),” “2018 China’s Top 30 Listed Real Estate Enterprises (G30) (Rank 28th)” and “2018 Ranking of China’s Real Estate Enterprises with Best Brand Value (Top 30);” We were also rated by Ta Kung Pao as “Best Listed Company Award” and “Listed Company with Best Brand Value Award.” In addition, We were also awarded as “Outstanding Property Industry Award” by Tencent and Finet. In 2017, China Real Estate Research Association, China Real Estate Association and CRIC jointly named us as one of the “2017 TOP 50 China Property Development Enterprises (Rank 38th)” and “2017 TOP 50 China Property Development Enterprises with Development Potential (Rank 3rd);” China Real Estate Association and China Real Estate Appraisal also ranked us as one of “2017 Best 50 China Real Estate Listed Companies with Strongest Comprehensive Strengths (Ranked the 36th)” and “2017 Best 5 China Real Estate Listed Companies with Business Performances (Ranked 2nd);” we also awarded by Finance Asia with “Best Mid-cap Company (Ranked 1st),” “Best Managed Company in the Property Sector (Ranked 2nd),” “Most Committed to Corporate Governance in the Property Sector (Ranked 3rd),” “Best at Investor Relations in the Property Sector (Ranked 3rd)” and “Best at Corporate Social Responsibility in the Property Sector (Ranked 3rd).” In addition, we were also listed as “Best Mid-cap Company (Ranked 1st),” “Best Managed Company in the Property Sector (Ranked 2nd),” “Most Committed to Corporate Governance in the Property Sector (Ranked 3rd),” “Best at Investor Relations in the Property Sector (Ranked 3rd)” and “Best at Corporate Social Responsibility in the Property Sector (Ranked 3rd)” by Tencent and Finet. We believe customers who purchase our properties generally do so in part due to the premium quality and distinctive design that they believe our “Yuzhou” brand represents.

We believe that marketing has been one of the key factors that has helped us establish our strong brand name. For the years ended December 31, 2017, 2018 and 2019, we expensed RMB200.5 million, RMB193.6 million and RMB236.2 million, respectively, on advertising and promotion. We have adopted a variety of advertising and promotional activities to reach potential customers, including advertising through advertisements, participating in real estate exhibitions and information sessions, and advertising and promoting through multiple sales offices and property websites. Through our Yuzhou Club program, we keep in close contact with our customers and motivate them to introduce our brand to other potential customers. We encourage our customers to help promote our brand by waiving one year of property management fees for our existing customers who refer new customers to us.

By selling distinctive products and offering after-sales services, we believe we create more opportunities to strengthen our relationships with our customers and increase the likelihood of repeat sales and referrals.

Effective quality control and cost management

We believe we are able to achieve effective quality control and cost management through our standardized project development model and centralized procurement processes. We generally select our third-party contractors and suppliers of equipment and materials through a tender process, taking into consideration their performance track record, work quality, proposed delivery schedules and cost estimates. Through such a selection process, we seek to maintain our construction costs at a reasonable level without compromising on quality. We typically designate for purchase certain fixture materials such as doors, windows, sanitary fittings and kitchen cabinets, which are required to satisfy national standards or be from certain name brand manufacturers. We monitor quality, costs and progress closely during construction. We typically pay our construction contractors based on construction progress, which we believe provides incentive for contractors to focus on product quality. Our projects have won a variety of awards and honors relating to construction safety. As of the date of this offering memorandum, we have not received any customer complaints with regard to material structural defects in our products.

Experienced and stable management team

We consider the strength and experience of our management team to be fundamental to our success in the highly competitive real estate market. Members of our management team, including our founder and chairman, Mr. Lam Lung On, have on average more than ten years of experience in the PRC real estate industry and also have considerable strategic planning and business management expertise. Most of our executive directors and senior management personnel have been working with us for more than ten years and form a stable core team that operates well together. In recent years, while maintaining the stability of our core management team, we have recruited senior and mid-level executives with expertise in various areas through a selective recruitment process. We believe the stability of our management team and the extensive experience of its members in property development, industry knowledge and in-depth understanding of the real estate market should enable us to continue to take advantage of future market opportunities and expand into new markets.

Our Strategies

Strengthen our position as one of the leading national property developers and leverage our expertise to expand into other regions of China

We intend to continue to strengthen our position as one of the leading national property developers and pursue our strategic growth and geographic diversity by leveraging our reputation and expertise in Xiamen to expand into other regions of China, particularly other areas of the West Strait Economic Zone. We believe that, with the recent improvements in cross-Taiwan Strait relations and with the support of the PRC government and the rapid expansion of China's coastal cities in the West Strait Economic Zone have economic growth potential, and we therefore intend to focus on property development in these areas to capitalize on their economic growth potential. To this end, we intend to increase our presence in Xiamen and Fuzhou by seeking more property development opportunities. In addition, we intend to further increase our presence in Shanghai, Hefei, Nanjing, Tianjin, Hangzhou, Suzhou, Wuhan, Hong Kong and other selected cities in China that we believe have market growth potential. We believe a geographically diversified property portfolio is important for sustaining our growth and income stability because it reduces the risk of overreliance on any particular property market and allows us to capitalize on different market growth trends in different property markets.

Continue to capitalize on and enhance our “Yuzhou” brand name and customer loyalty by developing high-quality projects

We intend to continue to promote the “Yuzhou” brand by continuing to focus on project quality and providing strong after-sales support and property management services. To create high-quality projects, we intend to continue our strategy of conducting in-depth market research and analysis with the aim of identifying

property trends and potential development opportunities as early as possible in a given locality's development cycle. We also intend to continue to implement our current business strategies, which involve utilizing our economies of scale in order to strengthen our negotiating position for construction contracts as well as collaborating with well-known architects and designers to create market-leading projects.

We believe that delivering value to our customers and increasing their overall satisfaction with our products will enable us to further strengthen our "Yuzhou" brand and reinforce its association with prestige and quality. At the same time, we intend to continue to build market recognition of the "Yuzhou" brand through marketing initiatives such as advertising campaigns and organizing events for our customer base.

Continue to adopt innovative marketing strategies to adapt to market changes

We intend to actively respond to market changes by continually adjusting our development and sales strategies in a timely manner, for the purpose of addressing the predominant market demand by supplying high quality residential properties at reasonable prices that cater to our customers' needs. We intend to continue to be innovative in our marketing strategies, such as upgrading our products and providing an enhanced service including by way of promoting our "Boutique Building 3.5" concept and "green building" initiatives, in order to increase our brand influence.

Continue to expand our land bank in selected property markets in a disciplined manner and at low cost

We intend to continue to efficiently acquire land supply in our target cities. We intend to make acquisition decisions based on thorough research and analysis of a given project's expected returns in light of anticipated future property and economic trends in our target cities. As part of our disciplined acquisition strategy, we plan to continue to acquire land using different acquisition methods, such as public auctions, government listings-for-sale and acquisitions of project companies, depending on the specific circumstances. We also intend to continue leveraging our strong brand name and financial track record to obtain attractive financing and refinancing opportunities. We believe that beginning with efficient land acquisitions and following through with well-executed developments will allow us to expand further into our target cities and provide sustainable growth to our business.

Continue to pursue property diversification and increase our proportion of investment properties

We intend to continue to expand into the retail, office and hotel property sectors in the PRC to achieve greater balance in our future revenues. We also aim to continue to increase the proportion of our properties that are held for investment to achieve greater revenue stability through recurring rental income. We believe that such diversification measures will increase the breadth and stability of our revenue streams by reducing our overall exposure to volatility within any one property sector, in particular the residential property sector, which is generally more volatile in nature. In addition, we aim to capitalize on different market growth trends and the continuing development of different property sectors.

In relation to our retail and office properties, we intend to continue to focus on high-quality properties that are located in the central commercial areas of major cities. Despite the decline in growth of brick and mortar retail businesses as a result of the emergence of e-commerce, we are committed to our operational philosophy of "satisfying needs" by building one-stop family shopping malls at transport hubs in key cities. We have already entered into long-term tenancy agreements with reputable anchor tenants for the several retail and commercial properties that we hold for investment purposes to secure stable and recurring rental income streams. For example, The Mall at the Yuzhou World Trade Center is the first large-scale shopping mall in Xiamen and its tenants include many well-known brands, such as H&M, MUJI, Watsons, Weiyou and China Film Digital Cinema. We intend to enter into similar tenancy agreements for other retail and commercial properties that we develop in the future.

Adopt international industry best practices and maintain an efficient organizational structure

We aim to maintain a transparent and employee-friendly corporate culture which encourages responsibility, quality and cooperation. On May 16, 2018, Yuzhou was selected as a constituent of MSCI China Index and we became one of few property stocks in the MSCI China Index. On February 6, 2018, Yuzhou Properties was incorporated into one of the constituent stocks of the “Hang Seng Composite LargeCap and MidCap Index”. The relevant adjustment became effective on March 5, 2018 (Monday). The incorporation demonstrates high recognition of Yuzhou Properties’ enterprise value, stock liquidity and business performance from the market and professional organizations. We believe that our incorporation into the “Hang Seng Composite LargeCap and MidCap Index” as well as MSCI China Index will help further facilitate stock liquidity and trading volume, fostering the expansion of quality shareholders’ base of the Group. In January 2018, we received the “Shenzhen-Hong Kong Stock Connect Best Investment Value Award” at the “2017 China Financial Market Awards” hosted by *China Financial Market*, a well-known financial magazine, we were also awarded the “2017 Hong Kong Golden Stocks” Most Valuable Real Property Company Award” at the “2017 Hong Kong Golden Stocks Listed Company Nomination Ceremony”. We were also awarded “2017 China’s Excellent IR Best Project Award”, the “2017 China’s Excellent Best IR Innovation Award” and the “2017 China’s Excellent Best IR Director Award” at the “2017 China’s Excellent IR Awards” election. In May 2018, we were named as one of the “2018 Top 5 China Real Estate Listed Companies with Best Business Performances” for the fourth consecutive year by China Real Estate Association Center and China Real Estate Appraisal of Shanghai E-house Property Institute. We intend to continue to adopt international industry best practices and standards of corporate governance. We plan to draw on our senior management expertise and experience and actively interact with international business partners and professional advisors. We intend to maintain an organizational structure that is in line with our business development plans with a view to maintaining and increasing the efficiency of our operations. We provide, and plan to continue to provide, incentives to our management and employees taking into consideration performance as well as different levels of training specifically tailored to the different functions and levels of expertise of our employees.

Tender Offer

Concurrent with the offering of the Notes, we have commenced the Tender Offer to purchase for cash an aggregate principal amount up to but not more than US\$300,000,000 of our outstanding 2021 Notes validly tendered, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated August 5, 2020. As of the date of this Offering Memorandum, US\$375,000,000 million principal amount of the 2021 Notes were outstanding. The expiration deadline for holders of the 2021 Notes to participate in the Tender Offer is 4:00 p.m., London time, on August 12, 2020 (such time and date, the “Expiration Deadline”). Holders who validly tendered at or prior to the Expiration Deadline will receive an amount of US\$1,005 for each US\$1,000 in principal amount of the 2021 Notes (the “Purchase Price”). In addition to the Purchase Price, as applicable, holders whose notes are accepted for purchase pursuant to the Tender Offer will also receive accrued and unpaid interest on the 2021 Notes from and including the immediately preceding interest payment date for the 2021 Notes up to, but excluding, the Settlement Date (as defined below), which is expected to be no later than August 14, 2020 (“Accrued Interest” and, together with the Purchase Price, as applicable, the “Total Consideration”).

We will pay (subject to our satisfaction or waiver, in our sole discretion, of the conditions to the Tender Offer) the Total Consideration for the 2021 Notes tendered at or prior to the Expiration Deadline and accepted for purchase, on a date promptly following the Expiration Deadline, which date is expected to be August 14, 2020 (the “Settlement Date”) and the same date as the settlement of the offering of the Notes. We intend to use a portion of the net proceeds from this offering to fund the purchase of the 2021 Notes tendered in the Tender Offer. See “Use of Proceeds”.

The Tender Offer is tendered upon the terms and subject to the conditions set forth in the Offer to Purchase, dated August 5, 2020, including the successful consummation of the issuance of the Notes. Provided that the terms and conditions to the Tender Offer have been satisfied or waived, we will pay for the 2021 Notes purchased in the Tender Offer, together with any accrued and unpaid interest, on the Settlement Date. The Tender Offer is being made only upon the terms and subject to the conditions of the Tender Offer. This Offering Memorandum does not constitute an offer to buy or the solicitation of an offer to sell with respect to the 2021 Notes.

Corporate Information

We are an exempted company incorporated with limited liability under the laws of the Cayman Islands. In November 2009, we listed our ordinary shares on the SEHK. Our principal executive offices are located at Yuzhou Plaza, 55 South Hubin Road, Xiamen, Fujian Province and Yuzhou Plaza, 299 Jingang Road, Pudong New District, Shanghai, and our telephone numbers are +86 592 2505 050 and +86 21 6194 3851, respectively. Our website address is www.yuzhou-group.com. Information contained on our website does not form part of this offering memorandum.

List of Group Entities in Our Corporate Structure

1	Foshan Hexie Jiayuan Property Co., Ltd	佛山和諧家園房地產有限公司
2	Beijing Tianlun Huanyu Investment Management Co., Ltd	北京天倫寰宇投資管理有限公司
3	Shenyang Marketing Development Co., Ltd.	瀋陽市市場開發有限公司
4	Shenyang Zhongguang Northern Film Studio Limited	瀋陽中廣北方影視城有限公司
5	Shenyang Rongtian Property Development Co., Ltd	瀋陽榮天房地產開發有限公司
6	Shenyang Coastal Rongtian Properties Limited	瀋陽沿海榮天置業有限公司
7	Wuhan Hanhai Real Estate Development Co., Ltd.	武漢市瀚海房地產開發有限公司
8	Tianjin Hexie Jiayuan Development Limited	天津和諧家園建設開發有限公司
9	Coastal Greenland Development (Wuhan) Co.,Ltd.	沿海綠色家園發展（武漢）有限公司
10	Wuhan Zhisheng Group Co.,Ltd	武漢致盛集團有限公司
11	Shanghai Coastal Investment Management Co., Ltd.	上海沿商投資管理有限公司
12	Anhui Shengtian Property Company Limited	安徽晟天置業有限公司
13	Anhui Shenghe Property Company Limited	安徽晟和置業有限公司
14	Yuzhou Properties (Beijing) Co., Ltd.	禹洲地產（北京）有限公司
15	Beijing Yaozhou Realty Co., Ltd.	北京堯洲置業有限公司
16	Beijing Xuteng Real Estate Development Co., Ltd.	北京煦騰房地產開發有限公司
17	Fujian Big World Huaxia Real Estate Development Co., Ltd.	福建大世界華夏房地產有限公司
18	Goastal Greenland Development (Fujian) Limited	沿海綠色家園發展（福建）有限公司
19	Fujian Yingfeng Real Estate Investment Co., Ltd.	福建盈峰地產投資有限公司
20	Fuzhou Xiangzhou Real Estate Development Co., Ltd.	福州翔洲房地產開發有限公司
21	Anhui Overseas City Construction & Development Co., Ltd.	安徽華僑城建設發展有限公司
22	Hefei Yuzhou Real Estate Development Co., Ltd.	合肥禹洲房地產開發有限公司
23	Hefei Kangli Realty Co., Ltd.	合肥市康麗置業有限公司
24	Hefei Ludong Real Estate Development Co., Ltd.	合肥廬東房地產開發有限責任公司
25	Yuzhou Properties (Hefei) Eastern Town Company Limited	禹洲置業（合肥）東城有限公司

26	Hefei Shunzhou Realty Co., Ltd.	合肥舜洲置業有限公司
27	Hefei Bozhou Real Estate Development Co., Ltd	合肥博州房地產開發有限公司
28	Huainan Yuzhou Real Estate Development Company Limited	淮南禹洲房地產開發有限公司
29	Xiamen Yuzhou Hotel Invest & Manage Co., Ltd.	廈門禹洲酒店投資管理有限公司
30	Shanghai Yuzhou Hotel Management Co., Ltd.	上海禹洲酒店管理有限公司
31	Longyan Yuzhou Real Estate Development Co., Ltd.	龍岩禹洲房地產開發有限公司
32	Xiamen Junyu Trade Co., Ltd.	廈門俊宇貿易有限公司
33	Xin Yi Fang Tian (Quanzhou) Construction Materials Co., Ltd.	新易方天(泉州)建築材料有限公司
34	Xiamen Xin Cheng Li Da Trading Company Limited	廈門信成立達貿易有限公司
35	Fujian Yu Gang Construction Materials Company Limited	福建禹港建築材料有限公司
36	Xiamen Woyu Trading Company Limited	廈門沃禹貿易有限公司
37	Xiamen Shunhong Trading Company Limited	廈門市舜鴻貿易有限公司
38	Xiamen Haogang Trading Company Limited	廈門浩港貿易有限公司
39	Hangzhou Shunrun Trading Company Limited	杭州舜潤貿易有限公司
40	Shenzhen Hongyi Trading Company Limited	深圳鴻翼貿易有限公司
41	Shenzhen Hongcheng Trading Company Limited	深圳弘成貿易有限公司
42	Nanjing Bozhou Real Estate Development Co., Ltd.	南京博洲房地產開發有限公司
43	Nanjing Xiangzhou Real Estate Development Co., Ltd.	南京翔洲房地產開發有限公司
44	Nanjing Shunhong Real Estate Development Co., Ltd.	南京舜鴻房地產開發有限公司
45	Nanjing Haoyi Real Estate Development Co., Ltd.	南京灝溢房地產開發有限公司
46	Nanjing Yuyangdong Real Estate Development Co., Ltd.	南京禹陽東房地產開發有限公司
47	Jiangsu Guangsheng Property Co., Ltd.	江蘇廣升置業有限公司
48	Nanjing Zhixiang Real Estate Development Co., Ltd.	南京智翔房地產開發有限公司
49	Nanjing Yongxiang Real Estate Development Co., Ltd.	南京雍祥房地產開發有限公司
50	Nanjing Shunze Real Estate Development Co., Ltd.	南京舜澤房地產開發有限公司
51	Nanjing Hongshengguang Real Estate Development Co., Ltd.	南京弘盛廣房地產開發有限公司
52	Shandong Shanying Xiangzhou Property Co., Ltd.	青島山影翔洲置業有限公司
53	Yuzhou Properties (Quanzhou) Co., Ltd.	禹洲地產(泉州)有限公司
55	Shanghai Yuzhou Real Estate Investment Co.	上海禹洲房地產投資有限公司
55	Shanghai Kangtai Real Estate Development Co., Ltd.	上海康泰房地產開發有限公司
56	Shanghai Liyade Property Investment Co., Ltd.	上海利雅得投資置業有限公司
57	Shanghai Yanhai Real Estate Development Co., Ltd.	上海燕海房地產開發經營有限責任公司
58	Shanghai Jinyue Real Estate Development Co., Ltd.	上海金躍房地產開發有限公司
59	Shanghai Yuzhou Real Estate Development Co., Ltd.	上海禹洲房地產開發有限公司
60	Shanghai Kangyi Real Estate Development Co., Ltd.	上海康怡房地產開發有限公司
61	Shanghai Nankai Realty Development Ltd.	上海南凱置業發展有限公司
62	Yuzhou Properties (Shanghai) Company Limited	禹洲置業(上海)有限公司
63	Shanghai Fengzhou Real Estate Development Co., Ltd.	上海豐洲房地產開發有限公司
64	Shanghai Yaoshou Real Estate Development Co., Ltd.	上海堯洲房地產開發有限公司

65	Shanghai Shunzhou Real Estate Development Co., Ltd.	上海舜洲房地產開發有限公司
66	Shanghai Shunhong Real Estate Development Co., Ltd.	上海舜鴻房地產開發有限公司
67	Shanghai Haozhou Property Co., Ltd.	上海灝洲置業有限公司
68	Xiamen Yuzhou Commercial Investment & Management Co., Ltd.	廈門禹洲商業投資管理有限公司
69	Quanzhou Yuzhou Commercial Investment & Management Co., Ltd.	泉州禹洲商業投資管理有限公司
70	Shanghai Yuzhou Commercial Investment & Management Co., Ltd.	上海禹洲商業投資管理有限公司
71	Hefei Yaozhou Commercial Investment & Management Co., Ltd.	合肥堯洲商業投資管理有限公司
72	Shenzhen Wogang Investment Co., Ltd.	深圳沃港投資有限公司
73	Huizhou Yuzhou Yijie Real Estate Development Co., Ltd.	惠州禹洲益杰房地產開發有限公司
74	Huizhou Santian Industrial Development Co., Ltd.	惠州市三田實業發展有限公司
75	Tianjin YuzhouJinhai Real Estate Investment Co., Ltd.	天津禹洲津海地產投資有限公司
76	Yuzhou Properties (Tianjing) Co., Ltd.	禹洲地產(天津)有限公司
77	Tianjin Haozhou Property Co., Ltd.	天津灝洲置業有限公司
78	Tianjin Yuzhou Yucheng Real Estate Development Co., Ltd.	天津禹洲裕成房地產開發有限公司
79	Tianjin Yuzhou Xinghan Real Estate Development Co., Ltd.	天津禹洲興漢房地產開發有限公司
80	Wuhan Yuzhou Shunhong Property Co., Ltd.	武漢禹洲舜鴻置業有限公司
81	Wuhan Yuminghongzhou Real Estate Development Co., Ltd.	武漢禹明鴻洲房地產開發有限公司
82	Yuzhou Property Service Co., Ltd.	禹洲物業服務有限公司
83	Fujian Wanlong Property Management Co., Ltd.	福建萬龍物業管理服務有限公司
84	Xiamen Huaqiao City Real Estate Co., Ltd.	廈門華僑城房地產開發有限公司
85	Xiamen Fengxhou Real-Estate Co., Ltd.	廈門豐洲置業有限公司
86	Xiamen Yuzhou Grand Future Real Estate Development Co., Ltd.	廈門禹洲鴻圖地產開發有限公司
87	Xiamen Richville Development Ltd.	廈門貴豐房地產開發有限公司
88	Xiamen Yaozhou Real Estate Development Co., Ltd.	廈門堯洲房地產開發有限公司
89	Xiamen Kim International Realty Development Co., Ltd.	廈門金國際地產發展有限公司
90	Xiamen Diyuan Bonded Storage and Distribution Co., Ltd.	廈門帝元保稅儲運有限公司
91	Xiamen Gangyi Real Estate Marketing Agent Co.,Ltd.	廈門港誼房產營銷代理有限公司
92	Xiamen Skyplaz Realty & Development Co., Ltd.	廈門海天房地產開發有限公司
93	Xiamen Gangyi Real-Estate Co., Ltd.	廈門港誼置業有限公司
94	Xiamen Gangyi Communications Co., Ltd. (Xiamen Jingdehong Property Co., Ltd.)	廈門港誼通訊有限公司 (更名為廈門璟德弘置業有限公司)
95	Xiamen Yuzhou Property Development Co., Ltd.	廈門禹洲房地產開發有限公司
96	Xiamen Yuzhou Group Ltd.	廈門禹洲集團股份有限公司
97	Xiamen Yuzhou Seaview Property Development Co., Ltd.	廈門禹洲海景城房地產有限公司
98	Xiamen Shunzhou Real Estate Development Co., Ltd.	廈門舜洲房地產開發有限公司
99	Xiamen Xiang'anwan Baseball and Softball Industrial Investment Co., Ltd.	廈門翔安灣棒壘球產業投資有限公司
100	Xiamen Honggang Property Investment Co., Ltd.	廈門泓港投資置業有限公司
101	Xiamen Rungang Property Investment Co., Ltd.	廈門潤港投資置業有限公司
102	Xiamen Wogang Property Investment Co., Ltd.	廈門沃港投資置業有限公司

103 Xiamen Gangzhou Co., Ltd.	廈門市港洲有限公司
104 Xiamen Yuzhou City Co., Ltd.	廈門禹洲城有限公司
105 Xiamen Honggang Cultural and Creative co., Ltd	廈門泓港文化創意有限公司
106 Xiamen Yihai Consulting Co., Ltd	廈門亦海諮詢有限公司
107 Xiamen Yuzhou Foundation	廈門市禹洲公益基金會
108 Xiamen Gangyi Advertising Co., Ltd	廈門港誼廣告有限公司
109 Xiamen Xiangzhou Real Estate Development Co., Ltd.	廈門翔洲房地產開發有限公司
110 Xiamen Yizhi Property Co., Ltd.	廈門市毅智置業有限公司
111 Xiamen Hongjiada Property Co., Ltd.	廈門泓嘉達置業有限公司
112 Xiamen Haoyi Property Co., Ltd.	廈門市灝溢置業有限公司
113 Xiamen Honghaoda Property Co., Ltd.	廈門市泓灝達置業有限公司
114 Xiamen Haochangda Property Co., Ltd.	廈門吳昌達置業有限公司
115 Xiamen Shunbo Property Co., Ltd.	廈門舜博置業有限公司
116 Xiamen Hongkangda Property Co., Ltd.	廈門市鴻康達置業有限公司
117 Xiamen Hongshengguang Property Co., Ltd.	廈門市弘盛廣置業有限公司
118 Xiamen Yuzhou Yijie Real Estate Development Co., Ltd.	廈門禹洲益杰房地產開發有限公司
119 Zhangzhou Yuzhou Yixuan Real Estate Development	漳州市禹洲益軒房地產開發有限公司
120 Hefei Yifeng Real Estate Development Co., Ltd.	合肥溢豐房地產開發有限公司
121 Shanghai Chongming Yushang Real-Estate Co., Ltd.	上海崇明豫商置業有限公司
122 Xiamen Zhongrong Real Estate Development Co., Ltd.	廈門中蓉房地產開發有限公司
123 Zhengzhou Shunhong Real Estate Development Co., Ltd.	鄭州舜鴻房地產開發有限公司
124 Taicang Yuzhou Yilong Real Estate Development Co., Ltd.	太倉禹洲益龍房地產開發有限公司
125 Hefei Shunze Real Estate Development Co., Ltd.	合肥舜澤房地產開發有限公司
126 Xiamen Xuhong Real Estate Development Co., Ltd.	廈門煦鴻貿易有限公司
127 Shenzhen Jingxiang Trading Co, Ltd	深圳市璟翔貿易有限公司
128 Shenzhen Xukang Trading Co., Ltd	深圳市煦康貿易有限公司
129 Xiamen Hongyi Trading Co., Ltd	廈門鴻翼貿易有限公司
130 Qingdao Yuzhou Shunbo Property Co., Ltd	青島禹洲舜博置業有限公司
131 Shanghai Shunbo Real Estate Development Co., Ltd.	上海舜博房地產開發有限公司
132 Huizhou Huashang Leyuan Industrial Co., Ltd.	惠州市華商樂園實業有限公司
133 Tianjin Yuzhou Yude Properties Co., Ltd	天津禹洲裕德置業有限公司
134 Tianjin Shunze Properties Co., Ltd	天津舜澤置業有限公司
135 Shanghai Hongyi Real Estate Development Co., Ltd.	上海鴻翼房地產開發有限公司
136 Huizhou Dongrun Industrial Co., Ltd.	惠州市東潤實業有限公司
137 Kunshan Fuzhi Dingxin Equity Investment Enterprise	昆山富智鼎鑫股權投資企業（有限合夥）
138 Wuhan Lan Kong Real Estate Development Co., Ltd.	武漢藍空房地產開發有限公司
139 Suzhou Tengyu Real Estate Development Co., Ltd.	蘇州騰宇房地產開發有限公司
140 Suzhou Shunhong Real Estate Development Co., Ltd.	蘇州舜鴻房地產開發有限公司
141 Suzhou Yucheng Real Estate Development Co., Ltd.	蘇州裕成房地產開發有限公司

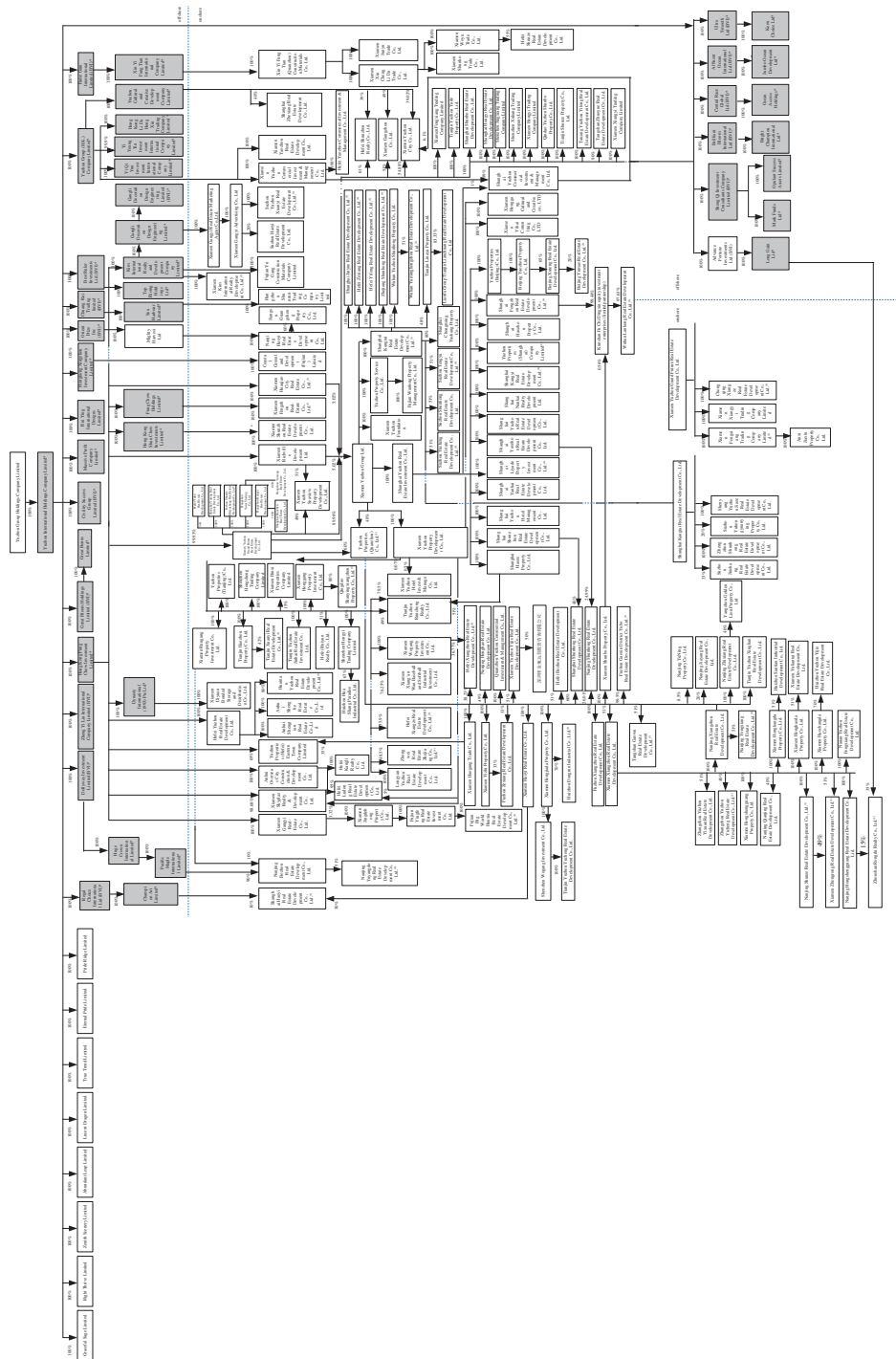
142 Hefei Ruiyun Realty Co., Ltd.	合肥瑞鋆置業有限公司
143 Hefei Xiangzhou Real Estate Investment Co., Ltd.	合肥翔洲房地產開發有限公司
144 Fuzhou Zexiang Real Estate Development Co., Ltd.	福州澤翔房地產開發有限公司
145 Xiamen Yuliantai Real Estate Development Co., Ltd.	廈門禹聯泰房地產開發有限公司
146 Tangshan Zhuoyue Real Estate Development Co., Ltd.	唐山卓越房地產開發有限公司
147 Zhoushan Rongdu Properties Co, Ltd	舟山榮都置業有限公司
148 Shanghai Zhexiang Real Estate Development Co., Ltd.	上海澤翔房地產開發有限公司
149 Xiamen Xiangze Trading Company Limited	廈門翔澤貿易有限公司
150 Xiamen Fengxiang Trading Company Limited	廈門豐翔貿易有限公司
151 Xiamen Xiangyi Trading Company Limited	廈門翔溢貿易有限公司
152 Chongqing Xiangze Real Estate Development Co., Ltd.	重慶翔澤房地產開發有限公司
153 Nanan Yuzhou Fengxiang Real Estate Development Co., Ltd.	南安禹洲豐翔房地產開發有限公司
154 Shenyang Yuzhou Jiaze Real Estate Development Co., Ltd.	瀋陽禹洲嘉澤房地產開發有限公司
155 Anxi Jiabin Property Co., Ltd.	安溪嘉信置業有限公司
156 Jinhua Baotuo Investment Co., Ltd.	金華市保拓投資有限公司
157 Xiamen Haoxiang Trading Co., Ltd.	廈門雍翔貿易有限公司
158 Xiamen Yuxintai Trading Co., Ltd.	廈門裕鑫泰貿易有限公司
159 Xuzhou Zhifeng Real Estate Development Co., Ltd.	徐州市智豐房地產開發有限公司
160 Suzhou Yuhong Business Management Co., Ltd.	蘇州禹鴻商業管理有限公司
161 Shenyang Yuzhou Management Co., Ltd.	瀋陽禹洲管理有限公司
162 Shenzhen Yuzhou Industrial Investment Co., Ltd.	深圳禹洲產業投資有限公司
163 Chongqing Douji Real Estate Development Co., Ltd.	重慶門十千房地產開發有限公司
164 Xiamen Zeyi Trading Co., Ltd.	廈門澤溢貿易有限公司
165 Xiamen Yuizhou Runda Apartment Management Co., Ltd.	廈門禹洲潤達公寓管理有限公司
166 Hangzhou Kangxi Real Estate Development Co., Ltd.	杭州康煜房地產開發有限公司
167 Hangzhou Yutai Trading Co., Ltd.	杭州禹泰貿易有限公司
168 Zhongshan Qiankun Trading Co., Ltd.	中山灝坤貿易有限公司
169 Shenzhen Yuzhou Business Management Co., Ltd.	深圳禹洲商業管理有限公司
170 Wuhan Yuhong Business Management Co., Ltd.	武漢禹鴻商業管理有限公司
171 Hangzhou Yuzhou Business Management Co., Ltd.	杭州禹洲商業管理有限公司
172 Qingdao Yuhong Real Estate Development Co., Ltd.	青島禹鴻房地產開發有限公司
173 Xiamen Lanlianxin Enterprise Management Co., Ltd.	廈門藍聯欣企業管理有限公司
174 Hefei Zexiang Real Estate Development Co., Ltd.	合肥澤翔房地產開發有限公司
175 Yuzhou Group Holdings Company Limited	禹洲集團控股有限公司
176 Dynasty International (1993) Pte Ltd	
177 Gangli Decoration Design Engineering Limited	港麗裝飾設計工程有限公司
178 Kim International Realty and Development Company Limited	菲律賓國際地產發展有限公司
179 Yuzhou International Holdings Company Limited (BVI)	禹洲國際控股有限公司
180 Hongkong Xingzhou Investment Limited	香港星洲投資有限公司

181 Fung Chow Holdings Limited	豐洲集團有限公司
182 Yuzhou Group (HK) Company Limited	禹洲集團(香港)有限公司
183 Hong Kong Fung Chow Investment Limited	香港豐洲投資有限公司
184 Civility Success Group Limited	謙成集團有限公司
185 Dollyway Investment Limited	多唯投資有限公司
186 Fame Gain International Limited	名加國際有限公司
187 Sheng Qi Investment Consultants Company Limited	聖奇投資顧問有限公司
188 Zheng Yi Lin International Company Limited	正易霖國際有限公司
189 Xin Yi Fang Tian International Company Limited	新易方天國際有限公司
190 Gangli Decoration Design Engineering Limited (BVI)	港麗裝飾設計工程有限公司(BVI)
191 Hong Kong Shun Chow Investments Limited	香港舜洲投資有限公司
192 Hong Kong Li Da Hong Xin Trading Company Limited	香港利達宏信貿易有限公司
193 Yi Yeung Tin Investment International Company Limited	易陽天投資國際有限公司
194 Yi Qi Yun Investment International Company Limited	易奇韻投資國際有限公司
195 Yuzhou Cultural and Creative Development Company Limited	禹洲文化創意發展有限公司
196 Huge Crown International Limited	浩冠國際有限公司
197 Pacific Maple International Limited	楓洋國際有限公司
198 Great Bloom Holdings Limited	
199 Great Bonus Limited	旺鴻有限公司
200 Orient Prize Inc	彩東有限公司
201 Regal Choice International Limited	君彩國際有限公司
202 Champion Art Limited	卓毅有限公司
203 Massive Profit Company Limited	廣溢宏有限公司
204 Chuang Rui Trading Limited	創睿貿易有限公司
205 Sea Harbour Limited	港洋有限公司
206 Rui Ying International Designs Limited	銳穎國際設計有限公司
207 Long Gain Limited	益遠有限公司
208 Best Ruler Investments Limited	卓皇投資有限公司
209 Top Rising Holdings Limited	高昇集團有限公司
210 Brilliant Bloom International Limited	耀成國際有限公司
211 Bright Champion International Limited	卓冠國際有限公司
212 Central Race Global Limited	正偉環球有限公司
213 Ocean Access Holdings Limited	達海集團有限公司
214 Affluent Ocean International Limited	裕海國際有限公司
215 Jumbo Ocean Development Limited	宏海發展有限公司
216 Ultra Smooth Limited	卓順有限公司
217 Keen Choice Limited	健采有限公司
218 Mark Funds Limited	朗融有限公司
219 Opulant Success Assets Limited	年順資產有限公司
220 Century East Group Limited	恒華集團有限公司

221 World On Development Limited	華安發展有限公司
222 Multi Earning Limited	茂恒有限公司
223 Smooth Land Limited	順林有限公司
224 World Fair Development Limited	華豐發展有限公司
225 Coastal Greenland Development (Shenyang) Co., Ltd.	沿海綠色家園發展（瀋陽）有限公司
226 Suzhou Yuzhou Xuanyi Real Estate Development Co., Ltd.	蘇州禹洲軒溢房地產開發有限公司
227 Hangzhou Yuxiang Real Estate Development Co., Ltd.	杭州禹翔房地產開發有限公司
228 Hangzhou Wogang Enterprise Management Co., Ltd.	杭州沃港企業管理有限公司
229 Ningbo Yuhong Real Estate Development Co., Ltd.	寧波禹鴻房地產開發有限公司
230 Shanghai Yuteng Real Estate Development Co., Ltd.	上海煦騰房地產開發有限公司
231 Shanghai Haochen Real Estate Development Co., Ltd.	上海煦辰房地產開發有限公司
232 Foshan Shunde Meiyusheng Real Estate Development Co., Ltd.	佛山市順德區美禹盛房地產開發有限公司
233 Foshan Yubo Real Estate Development Co., Ltd.	佛山市禹博房地產開發有限公司
234 Zhengzhou Yubo Real Estate Development Co., Ltd.	鄭州禹博房地產開發有限公司
235 Kaifeng Yuhecheng Real Estate Co., Ltd.	開封域合城置業有限公司
236 Yangzhou Yubo Real Estate Development Co., Ltd.	揚州舜博房地產開發有限公司
237 Shanghai Lanxiu City Real Estate Co., Ltd.	上海覽秀城置業有限公司
238 Shanghai Yuezhaoxiu Real Estate Co., Ltd.	上海悅兆秀置業有限公司
239 Wuxi Runteng Real Estate Development Co., Ltd.	無錫潤騰房地產開發有限公司
240 Hefei Woyu Real Estate Development Co., Ltd.	合肥沃禹房地產開發有限公司
241 Hefei Haozhou Real Estate Development Co., Ltd.	合肥灝洲房地產開發有限公司
242 Hangzhou Haozhou Enterprise Management Co., Ltd.	杭州灝洲企業管理有限公司
243 Hangzhou Shunze Enterprise Management Co., Ltd.	杭州舜澤企業管理有限公司
244 Hangzhou Yaozhou Enterprise Management Co., Ltd.	杭州堯洲企業管理有限公司
245 Qingdao Bozhou Real Estate Development Co., Ltd.	青島博洲房地產開發有限公司
246 Shenyang Jiaze Business Consulting Co., Ltd.	瀋陽嘉澤商務諮詢有限公司
247 Qingdao Yuteng Real Estate Development Co., Ltd.	青島煦騰房地產開發有限公司
248 Yangzhou Yujiada Business Management Co., Ltd.	揚州泓嘉達商務管理有限公司
249 Graceful Sage Limited	雅哲有限公司
250 Right Thrive Limited	正發有限公司
251 Zenith Scenery Limited	鼎景有限公司
252 Abundant Leap Limited	沛立有限公司
253 Lucent Dragon Limited	熹龍有限公司
254 True Trend Limited	誠向有限公司
255 Eternal Pride Limited	永滿有限公司
256 Pride Ridge Limited	傲嶺有限公司
257 The Center (58) Limited	

Corporate Structure

The following diagram illustrates our corporate structure as of the date of this offering memorandum.



* Subsidiary guarantors.

(1) The registered capital has not yet fully paid as required by the articles of association of this company.
 (2) This company has failed to perform its obligation under effective judgments according to the search system of the Supreme People's Court of the PRC.
 (3) This company is in the process of dissolution.

(4) This company's shares have been pledged to the relevant bank or trust company.

(5) The entire equity interest in Shanghai Jinyue Real Estate Development Co., Ltd. was transferred to a financial institution as a security for the borrowing of loan of another project company and such equity interest will be repurchased by us upon the repayment of borrowing.

(6) This company has been included in the list of abnormal operation by the local market regulatory authority as it failed disclosing its annual report within the period as required by relevant PRC laws.

SUMMARY DESCRIPTION OF NOTES

The following summary is provided solely for your convenience. This summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this offering memorandum. For a more detailed description of the Notes, see “Description of the Notes.”

Issuer	Yuzhou Group Holdings Company Limited (the “Company”).
Notes Offered	US\$300,000,000 aggregate principal amount of 7.85% Green Senior Notes due 2026 (the “Notes”).
Offering Price	100% of the principal amount of the Notes.
Issue Date	August 12, 2020.
Maturity Date	August 12, 2026.
Interest	The Notes will bear interest from and including August 12, 2020 at the rate of 7.85% per annum, payable semi-annually in arrears.
Interest Payment Dates	August 12 and February 12 of each year, beginning February 12, 2021.
Ranking of the Notes	<p>The Notes are:</p> <ul style="list-style-type: none"> • general obligations of the Company; • guaranteed by the Subsidiary Guarantors (as defined below) on a senior basis, subject to certain limitations described under the caption “Risk Factors – Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral” and “Description of the Notes – The Subsidiary Guarantees”; • senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; • at least <i>pari passu</i> in right of payment with the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2017 Dual Tranche Term Facility, the 2024 Notes, the 2019 Term Loan Facility, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes, the 2021 III Notes and all unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); • subordinated to existing and future secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the assets serving as security therefor; and

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

Subject to certain limitations described under “Risk Factors – Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral,” the Notes will:

- be entitled to a first priority Lien (as defined under “Description of the Notes – Definitions”) on the Shared Collateral (as defined below) pledged by the Company and the Subsidiary Guarantor Pledgors (as defined below) shared on a *pari passu* basis with (i) holders of the 2022 Notes, (ii) holders of the 2023 Notes, (iii) holders of the 2021 Notes, (iv) holders of the 2021 II Notes, (v) holders of the 2022 II Notes, (vi) holders of the 2023 II Notes, (vii) lenders to the 2017 Dual Tranche Term Facility, (viii) holders of the 2024 Notes, (ix) lenders to the 2019 Term Loan Facility, (x) holders of the 2024 II Notes, (xi) holders of the 2025 Notes, (xii) holders of the 2026 Notes, (xiii) holders of the 2025 II Notes, (xiv) holders of the 2021 III Notes and (xv) holders of Permitted *Pari Passu* Secured Indebtedness, if any, and subject to any permitted liens;
- rank effectively senior in right of payment to unsecured obligations of the Company with respect to the proceeds from the Collateral pledged by the Company and the Security Guarantor Pledgors securing the Notes; and
- rank effectively senior in right of payment to unsecured obligations of the Subsidiary Guarantor Pledgors to the extent of the Collateral charged by each Subsidiary Guarantor Pledgor securing the Notes (subject to priority rights of such unsecured obligations pursuant to applicable law).

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

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

The initial Subsidiary Guarantors will consist of all of the Restricted Subsidiaries (as defined under “Description of the Notes – Definitions”) other than (i) those Restricted Subsidiaries organized under the laws of the PRC and (ii) the Offshore Non-Guarantor Subsidiaries specified in “Description of the Notes.”

All of the initial Subsidiary Guarantors are holding companies or special purpose companies that do not have significant operations or real property assets. Any future Restricted Subsidiary (other than subsidiaries organized under the laws of the PRC), will provide a guarantee of the Notes immediately upon becoming a Restricted Subsidiary.

Ranking of Subsidiary Guarantees . . .

The Subsidiary Guarantee of each Subsidiary Guarantor:

- is a general obligation of such Subsidiary Guarantor;
- is effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the 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; and
- ranks at least *pari passu* with the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2017 Dual Tranche Term Facility, the 2024 Notes, the 2019 Term Loan Facility, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes, the 2021 III Notes and all unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

Subsidiary Guarantees of each Subsidiary Guarantor Pledgor:

- will be entitled to a first priority Lien on the Collateral pledged by such Subsidiary Guarantor Pledgor (subject to any permitted liens) shared on a *pari passu* basis with (i) holders of the 2022 Notes, (ii) holders of the 2023 Notes, (iii) holders of the 2021 Notes, (iv) holders of the 2021 II Notes, (v) holders of the 2022 II Notes, (vi) holders of the 2023 II Notes, (vii) lenders to the 2017 Dual Tranche Term Facility, (viii) holders of the 2024 Notes, (ix) lenders to the 2019 Term Loan Facility, (x) holders of the 2024 II Notes, (xi) holders of the 2025 Notes, (xii) holders of the 2026 Notes, (xiii) holders of the 2025 II Notes, (xiv) holders of the 2021 III Notes and (xv) holders of Permitted *Pari Passu* Secured Indebtedness, if any, and subject to Permitted Liens; and
- will rank effectively senior in right of payment to the unsecured obligations of such Subsidiary Guarantor Pledgor to the extent of the Collateral securing such Subsidiary Guarantee.

See “Risk Factors – Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral.”

Ranking of JV Subsidiary

Guarantees

A JV Subsidiary Guarantee is required to be delivered by a Subsidiary Guarantor and the Company if the Company wishes to release such Subsidiary Guarantor from its Subsidiary Guarantee following a sale by the Company or any of its Restricted Subsidiaries of Capital Stock (as defined under “Description of the Notes – Definitions”) 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 is for no less than 20% and no more than 49.9% of the issued Capital Stock of the relevant Subsidiary Guarantor. No JV Subsidiary Guarantee exists as of the Original Issue Date (as defined under “Description of the Notes – Definitions”). The JV Subsidiary Guarantee of each JV Subsidiary Guarantor:

- will be a general obligation of such JV Subsidiary Guarantor;
- will be limited as to enforceability to the JV Entitlement Amount (as defined in the “Description of the Notes”);
- 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;
- subject to the limitation to the JV Entitlement Amount, 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
- subject to the limitation to the JV Entitlement Amount, will rank at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

The Company may also deliver a JV Subsidiary Guarantee instead of a Subsidiary Guarantee under substantially similar conditions for certain Restricted Subsidiaries that are established after the Original Issue Date. The Company may only deliver a JV Subsidiary Guarantee (rather than a Subsidiary Guarantee) if, after giving effect to the issuance or sale of Capital Stock in the JV Subsidiary Guarantor applicable to such JV Subsidiary Guarantee, the Non-Guaranteed Portion with respect to all of the JV Subsidiary Guarantors then existing and their respective Restricted Subsidiaries does not exceed 10% of Total Assets.

Security to be Granted The Company has agreed, for the benefit of the holders of the Notes, to pledge, or cause the initial Subsidiary Guarantor Pledgors to pledge, as the case may be, the capital stock of each initial Subsidiary Guarantor (collectively, the “Collateral”) owned by the Company or the Subsidiary Guarantor Pledgors in order to secure the obligations of the Company under the Notes and the Indenture and of such Subsidiary Guarantor Pledgor under its Subsidiary Guarantee. The Collateral will be shared on a *pari passu* basis by the Holders with (i) holders of the 2022 Notes, (ii) holders of the 2023 Notes, (iii) holders of the 2021 Notes, (iv) holders of the 2021 II Notes, (v) holders of the 2022 II Notes, (vi) holders of the 2023 II Notes, (vii) lenders to the 2017 Dual Tranche Term Facility, (viii) holders of the 2024 Notes, (ix) lenders to the 2019 Term Loan Facility, (x) holders of the 2024 II Notes, (xi) holders of the 2025 Notes, (xii) holders of the 2026 Notes, (xiii) holders of the 2025 II Notes, (xiv) holders of the 2021 III Notes and (xv) holders of any future Permitted *Pari Passu* Secured Indebtedness, if any, and subject to Permitted Liens.

The Collateral securing the Notes and the Subsidiary Guarantees may be released or reduced in the event of certain asset sales and certain other circumstances. In addition, the Company and each Subsidiary Guarantor Pledgor may incur Permitted *Pari Passu* Secured Indebtedness which would be secured by the Collateral on a *pari passu* basis with the Notes and the Subsidiary Guarantees. See “Description of the Notes – Security to be Granted.”

Tender Offer. Concurrent with the offering of the Notes, we have commenced the Tender Offer to purchase for cash an aggregate principal amount up to but not more than US\$300,000,000 of our outstanding 2021 Notes. See “Description of Material Indebtedness – 2021 Notes validly tendered.” As of the date of this Offering Memorandum, US\$375,000,000 million principal amount of the 2021 Notes were outstanding. The Tender Offer will expire at 4:00 p.m., London time, on August 12, 2020 (the “Expiration Deadline”). Holders who validly tender their 2021 Notes before the Expiration Deadline will receive an amount of US\$1,005 for each US\$1,000 in principal amount of the 2021 Notes accepted for purchase, together with any accrued and unpaid interest.

Use of Proceeds We intend to use the net proceeds from this offering 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 such net proceeds in “Temporary Cash Investments” as defined under “Description of the Notes.”

Green Bonds. The Notes are being issued as “Green Bonds” under our Green Bond Framework. Pursuant to our Green Bond Framework, we will, within the next three years, allocate an equivalent amount of the net proceeds to finance or refinance Eligible Green Projects. See the section entitled “Notes Being Issued as Green Bonds.”

Optional Redemption of the Notes At any time and from time to time on or after August 12, 2024, the Company may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on August 12 of each of the years indicated below:

Period	Redemption Price
2024	103.0%
2025 and thereafter	101.0%

At any time prior to August 12, 2024, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date, as set forth in “Description of the Notes – Optional Redemption.”

At any time and from time to time prior to August 12, 2024, the Company may redeem up to 35% of the aggregate principal outstanding amount of the Notes at a redemption price of 107.85% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

Repurchase of Notes Upon a Change of Control Triggering Event. Upon the occurrence of a Change of Control Triggering Event, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the repurchase date.

Redemption of the Notes for

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

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

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- 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 of Restricted Subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the Restricted Subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

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

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

Form, Denomination and Registration	The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$200,000 of principal amount and integral multiples of US\$1,000 in excess thereof and will be initially represented by the Global Certificate deposited with a common depositary and registered in the name of the common depositary or its nominee. Beneficial interests in the Global Certificate will be shown on, and transfer thereof will be effected only through, the records maintained by Euroclear and Clearstream.		
Book-Entry Only	The Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream for 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 Company expects to make delivery of the Notes, against payment in same-day funds on or about August 12, 2020, which the Company expects will be the fifth business day following the date of this offering memorandum referred to as “T+5” You should note that initial trading of the Notes may be affected by the T+5 settlement. See “Plan of Distribution.”		
Trustee, Collateral Trustee and Intercreditor Agent	Deutsche Bank Trust Company Americas		
Principal Paying Agent	Deutsche Bank AG, Hong Kong Branch		
Registrar and Transfer Agent	Deutsche Bank AG, Hong Kong Branch		
Listing	The Issuer will seek a listing of the Notes by way of debt issue to Professional Investors only on the SEHK.		
Ratings	The Notes have been provisionally rated “BB-” by Fitch and “B1” by Moody’s. We cannot assure investors that these ratings will not be adversely revised or withdrawn either before or after delivery of the Notes.		
Securities Codes	ISIN	Common Code	LEI Number
	XS2215399317	221539931	213800MP59KHGJSPHE82
	Only Notes evidenced by the Global Certificate have been accepted for clearance through Euroclear and Clearstream.		
Governing Law	The Notes and the Indenture will be governed by and will be construed in accordance with the laws of the State of New York.		
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see “Risk Factors.”		

Summary Consolidated Financial Information

The following summary consolidated statement of profit or loss data for the years ended December 31, 2017, 2018 and 2019 and summary consolidated statement of financial position data as of December 31, 2017, 2018 and 2019 have been derived from our audited consolidated financial statements and related notes included elsewhere in this offering memorandum. You should read the summary consolidated financial data in conjunction with the audited consolidated financial statements and related notes, “Selected Consolidated Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this offering memorandum. We have prepared our consolidated financial information in accordance with HKFRS, which differs in certain material respects from US GAAP.⁽¹⁾

	Year Ended December 31,			
	2017	2018	2019	2019
	RMB	RMB	RMB	US\$
	(in thousands)			
Consolidated statement of profit or loss data				
Revenue	21,700,673	24,305,871	23,240,705	3,338,318
Cost of sales	(14,017,619)	(16,838,626)	(17,148,995)	(2,463,299)
Gross profit	7,683,054	7,467,245	6,091,710	875,019
Fair value gains on investment properties, net	380,069	165,831	600,546	86,263
Other income and gains	202,311	497,215	2,167,688	311,369
Selling and distribution expenses	(490,771)	(459,152)	(659,594)	(94,745)
Administrative expenses	(499,882)	(606,179)	(1,090,645)	(156,661)
Other expenses	(292,891)	(54,484)	(310,739)	(44,635)
Finance costs	(708,340)	(223,352)	(360,345)	(51,760)
Share of profits and losses of joint ventures	(64,719)	(74,265)	(63,489)	(9,120)
Share of profits and losses of associates	(18,771)	21,849	229,369	32,947
Profit before tax	6,190,060	6,734,708	6,604,501	948,677
Income tax expense	(3,062,991)	(3,008,605)	(2,637,705)	(378,883)
Profit for the year	<u>3,127,069</u>	<u>3,726,103</u>	<u>3,966,796</u>	<u>569,794</u>
Attributable to:				
Owners of the parent	2,790,047	3,504,940	3,605,776	517,937
Non-controlling interests	<u>337,022</u>	<u>221,163</u>	<u>361,020</u>	<u>51,857</u>
	<u>3,127,069</u>	<u>3,726,103</u>	<u>3,966,796</u>	<u>569,794</u>
Other financial data:				
EBITDA ⁽²⁾	7,535,254	7,875,389	8,269,978	1,187,908
EBITDA margin ⁽³⁾	<u>34.7%</u>	<u>32.4%</u>	<u>35.6%</u>	<u>35.6%</u>

- (1) We adopted the new HKFRS 15 for the year ended December 31, 2018. There is no restatement to the financial information for the year ended December 31, 2017 upon the adoption of the new HKFRS 15. For the impact on the financial information for the year ended December 31, 2018 from the adoption of the new HKFRS 15, please see the sub-section titled “2.2 Changes in accounting policies and disclosures” in our audited financial information for the year ended December 31, 2018 on pages F-209 to F-218 as included elsewhere in this Offering Memorandum for details.

We adopted the new HKFRS 9 since January 1, 2018. There is no restatement to the financial information for the year ended December 31, 2017 upon the adoption of the new HKFRS 9. For the impact on the financial information for the years ended December 31, 2018 from the adoption of the new HKFRS 9, please see the sub-section titled “2.2 Changes in accounting policies and disclosures” in our audited financial information for the year ended December 31, 2018 on pages F-209 to F-218 as included elsewhere in this Offering Memorandum for details.

We adopted the new HKFRS 16 since January 1, 2019. There is no restatement to the financial information for the years ended December 31, 2017 and 2018 upon the adoption of the new HKFRS 16. For the impact on the financial information for the year ended December 31, 2019 from the adoption of the new HKFRS 16, please see the sub-section titled “2.2 Changes in accounting policies and disclosures” in our audited financial information for the year ended December 31, 2019 on pages F-33 to F-37 as included elsewhere in this Offering Memorandum for details.

- (2) EBITDA refers to our profit before interest income, capitalized borrowing costs under costs of sales, finance costs, fair value gains/(losses) on investment properties, fair value gains/(losses) on derivative financial instruments, income tax expense, and depreciation and amortization. EBITDA is not a standard measure under HKFRS or US GAAP. As the property development business is capital intensive, capital expenditure and levels of debt and interest expenses may have a significant impact on the profit for the year/period of companies with similar operating results. Therefore, we believe that the investor community commonly uses this type of financial measure to assess the operating performance of companies in our industry. As a measure of our operating performance, we believe that the most directly comparable HKFRS measure to EBITDA is profit for the year. We use EBITDA in addition to profit for the year because, under HKFRS, profit for the year includes many accounting items associated with capital expenditures, such as depreciation, as well as non-operating items, such as amortization of intangible assets, interest income and interest expense. By minimizing differences in capital expenditures and the associated depreciation expenses as well as reported tax positions, intangible asset amortization and interest income and expense, EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with the results of other companies. You should not consider our EBITDA in isolation or construe it as an alternative to cash flows, profit or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA presented in this offering memorandum may not be comparable to similarly titled measures presented by other companies. EBITDA, as presented in this offering memorandum, also differs from Consolidated EBITDA, as defined in the Notes.
- (3) EBITDA margin refers to EBITDA divided by revenue for the relevant year, expressed as a percentage.

	As of December 31,			
	2017	2018	2019	2019
	RMB	RMB	RMB	US\$
	(in thousands)			
Consolidated statement of financial position data:				
Non-current assets				
Property, plant and equipment	874,715	934,017	2,802,912	402,613
Investment properties	8,140,210	10,525,825	12,864,131	1,847,817
Land held for property development for sale	215,224	215,224	—	—
Prepayments, other receivables and other assets	—	1,029,512	—	—
Goodwill	—	1,133,070	724,147	104,017
Investment in joint ventures	6,387,378	6,204,784	4,471,802	642,334
Investment in associates	602,365	3,807,748	4,867,561	699,181
Deferred tax assets	526,074	742,157	907,607	130,370
Total non-current assets	16,745,966	24,592,337	26,638,160	3,826,332
Current assets				
Land held for property development for sale	9,173,473	5,680,204	2,813,172	404,087
Properties under development	10,263,940	26,614,206	25,054,430	3,598,844
Properties held for sale	8,121,694	13,051,659	21,220,032	3,048,067
Prepayments for acquisition of land	2,109,667	—	124,008	17,813
Prepayments, other receivables and other assets	15,630,318	14,683,118	33,744,638	4,847,114
Prepaid corporate income tax	127,813	505,730	388,019	55,735
Prepaid land appreciation tax	216,020	656,400	885,775	127,234
Derivative financial instruments	17,718	—	55,627	7,990
Restricted cash	1,901,969	2,117,120	1,866,122	268,052
Non-pledged time deposits with original maturity of over three months	—	—	5,189,418	745,413
Cash and cash equivalents	15,596,239	27,162,230	28,455,729	4,087,410
Total current assets	63,158,851	90,470,667	119,796,970	17,207,759
Current liabilities				
Receipts in advance	10,268,840	—	—	—
Contract liabilities	—	13,752,438	8,658,302	1,243,687
Trade payables	5,153,520	6,857,073	9,783,041	1,405,246
Other payables and accruals	12,468,016	22,960,107	36,090,052	5,184,012
Interest-bearing bank and other borrowings	6,704,340	8,679,618	7,612,774	1,093,507
Corporate bonds	10,000,000	7,200,000	6,000,000	861,846
Senior notes	—	550,074	1,658,842	238,278
Corporate income tax payables	1,893,370	2,552,345	2,819,745	405,031
Provision for land appreciation tax	1,505,218	1,962,590	2,228,566	320,113
Derivative financial instruments	19,229	5,884	—	—
Total current liabilities	48,012,533	64,520,129	74,851,322	10,751,720
Net current assets	15,146,318	25,950,538	44,945,648	6,456,039
Total assets less current liabilities	31,892,284	50,542,875	71,583,808	10,282,371
Non-current liabilities				
Other payables	2,560,449	—	—	—
Interest-bearing bank and other borrowings	7,007,525	12,468,045	9,598,056	1,378,674
Corporate bonds	—	3,800,000	3,500,000	502,744
Senior notes	3,855,621	10,934,118	27,298,834	3,921,232
Deferred tax liabilities	1,025,453	1,910,360	2,459,289	353,255
Total non-current liabilities	14,449,048	29,112,523	42,856,179	6,155,905
Net assets	17,443,236	21,430,352	28,727,629	4,126,466
Equity				
Equity attributable to owners of the parent				
Issued capital	355,982	410,035	447,146	64,229
Senior perpetual securities	1,911,986	1,911,986	1,911,986	274,640
Reserves	14,113,513	17,164,569	20,544,015	2,950,963
	16,381,481	19,486,590	22,903,147	3,289,832
Non-controlling interests	1,061,755	1,943,762	5,824,482	836,634
Total equity	17,443,236	21,430,352	28,727,629	4,126,466

RISK FACTORS

An investment in the Notes involves significant risks. You should carefully consider the risks described below and the other information in this offering memorandum before you decide to invest in the Notes. If any of the possible events described below actually occurs, our business, prospects, financial condition or results of operations could be materially and adversely affected. In such case, we may not be able to satisfy our obligations under the Notes, the trading price of the Notes could decline and you may lose all or part of your investment.

We believe that there are certain risks and uncertainties involved in our operations, many of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business; (ii) risks relating to the PRC real estate industry; (iii) risks relating to business operations in the PRC; (iv) risks relating to the Notes; and (v) risks relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral.

Risks Relating to Our Business

Our business is susceptible to fluctuations in the property market in China, particularly in key cities in which we operate, including cities in the West Strait Economic Zone and the Yangtze River Delta Region, which may adversely affect our revenues and results of operations.

Our business depends substantially on the condition of the property market in China, particularly in the cities and regions in which we develop our property projects. As of December 31, 2019, we had 156 projects at various stages of development located in China, of which 60 were completed, 76 were under development and 20 were held for future development. As of December 31, 2019, 43 of our projects were located in the West Strait Economic Zone, which includes Xiamen, Fuzhou, Quanzhou, Longyan and Zhangzhou, and 72 projects were located in the Yangtze River Delta Region, which includes Shanghai, Nanjing, Hangzhou, Suzhou, Wuxi, Bozhou, Hefei, Bengbu, Jinhua, Yangzhou, Zhoushan and Xuzhou. Volatility in market conditions and fluctuations in property prices, as well as the demand and supply for property have been affected and will continue to be affected by economic, social, political and other factors that are outside of our control and we cannot assure you that there will not be an over-supply of properties or an economic downturn in the property sectors in the West Strait Economic Zone, Shanghai, Nanjing, Hefei, Bengbu, Tianjin, Hong Kong or other cities and regions of China where we operate or intend to operate. Any adverse developments in national and local economic conditions as measured by such factors as GDP growth (which has slowed down in recent years, with real GDP growth slowing to 6.6% in 2018 from 14.2% in 2007), employment levels, job growth, consumer confidence, interest rates and population growth in the PRC, particularly in the regions where our projects are located, may reduce demand and depress prices for our products and services and have a material adverse effect on our business, financial condition and results of operations. Demand for and prices of properties in the PRC are also directly affected by the macroeconomic control measures adopted by the PRC government from time to time. In recent years, the PRC government has taken measures to control inflation and slow the price increases in the property market. See “– Risks Relating to Our Business – Our business is subject to extensive governmental regulation and, in particular, we are susceptible to policy changes in the PRC property sector.” Government policies aimed at reducing local government and corporate debt levels could also reduce liquidity in the economy, which in turn may affect the property market. Any adverse development in the property market in the PRC generally and, in particular, in the West Strait Economic Zone, Shanghai, Nanjing, Hefei, Bengbu, Tianjin, Hong Kong or other regions and cities in China where we operate or may operate in the future could have a material and adverse effect on our business, results of operations and financial condition.

Our business is subject to extensive governmental regulation and, in particular, we are susceptible to policy changes in the PRC property sector.

Our business is subject to extensive governmental regulation and macro-economic control measures implemented by the PRC government from time to time. As with other PRC property developers, we must comply with various requirements mandated by PRC laws and regulations, including the policies and procedures established by local authorities designated to implement such laws and regulations. In particular, the PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange, property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise the benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector.

In recent years, the PRC government has announced a series of other measures designed to stabilise the growth of the PRC economy and to stabilise the growth of specific sectors, including the property market, to a more sustainable level.

To support the demand of buyers of property for residential purposes and to promote the sustainable development of the real estate market, the People's Bank of China (the "PBOC") and the China Banking Regulatory Commission (中國銀行業監督管理委員會) (the "CBRC"), which has been reorganized as China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) jointly issued the Notice on Further Improving Financial Services for Real Estate Sector (《關於進一步做好住房金融服務工作的通知》) on September 29, 2014, which provides that for any family that wishes to use a loan to buy a property for its own residence, the minimum down payment will be 30% of the property price and the floor loan interest rate will be 70% of the benchmark lending interest rate, with the specific terms of such loan to be decided by the banking financial institution that provides the loan based on the risk profile of the borrower. Where a family that owns a residential property and has paid off its existing mortgage loan applies for a new mortgage loan to buy another residential property to improve living conditions, the bank may apply the first-time housing purchase mortgage loan policy. In cities that have lifted housing purchase restrictions on residents or those that have not imposed such restrictions, when a family that owns two residential properties or more and has paid off all the existing mortgage loans applies for a new mortgage loan to buy another residential property, the bank is required to assess the credit profile of the borrower, taking into consideration the solvency, credit standing of the borrower and other factors, and decide the down payment ratio and loan interest rate. In view of the local urbanization plan, banks may provide mortgage loans to non-local residents that meet the conditions required by the related policies. In March 2015, the PBOC, CBRC and the Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部) (the "MOHURD") jointly issued a notice to lower the minimum down payment to 40% for households that own a residential property and have not paid off their existing mortgage loan applying for a new mortgage loan to purchase another ordinary residential property to improve their living conditions, and allow the bank to decide at its own discretion the down payment ratio and loan interest rate taking into consideration the solvency and credit standing of the borrower. On February 1, 2016, the PBOC and CBRC jointly issued the Notice on the Adjustment of 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%. On August 25, 2019, PBOC issued the Announcement of the People's Bank of China No.16 [2019] under which, starting from October 8, 2019, new commercial individual housing loans should be priced by adding basis points to the latest monthly loan prime rate (LPR) of

corresponding maturity. The basis points added should conform to the national and local housing credit policy requirements, reflect the loan risk profile, and remain fixed during the contract period. The interest rate of first-time commercial individual housing loans should not be lower than the LPR of corresponding maturity, and the interest rate of second-time commercial individual housing loans not be lower than the LPR of corresponding maturity plus 60 basis points. Since August 2014, the local governments of Xiamen, Fuzhou, Hefei and Tianjin had issued their respective measures to lift the housing purchase restrictions in Xiamen (except for the restrictions on ordinary commercial housing purchases in Siming District and Huli District in Xiamen), Fuzhou, Hefei and Tianjin. However, since September 2016, certain local governments, including without limitation Beijing, Shanghai, Xiamen, Fuzhou, Hefei, Tianjin, Nanjing, Suzhou, Wuhan, Jurong, Foshan, Yangzhou and Hangzhou, issued new property market control policies, including restoring or strengthening the restriction on purchases of residential properties and tightening credit policy. On October 2, 2016, the Hefei Municipal Government announced measures to promote the stable, healthy and sustainable development of the city's real estate market (《合肥市人民政府辦公廳轉發市房地產管理局市國土資源局市規劃局市物價局市工商局市金融辦市政府新聞辦關於進一步促進我市房地產市場平穩健康發展的若干意見的通知》). These measures included restrictions on developers from bidding for residential land in Hefei if such developer had already obtained an aggregate amount exceeding 20% of the total land available for developing residential properties in the Hefei region. Further, the measures also provide that a first-home buyer seeking to purchase an ordinary residential property in the city is required to make a minimum down payment of 30% of the purchase price, a home buyer who owns one residential property (including a property situated outside of Hefei) with no outstanding mortgage loan is required to make a minimum down payment of 40% of the purchase price and a home buyer who owns one residential property with an outstanding mortgage loan is required to make a minimum down payment of 50% of the purchase price. Similarly, on October 5, 2016, the Xiamen Municipal Government issued Further Recommendations for Promoting the Stability and Health of the Xiamen Property Market (《廈門市人民政府辦公廳關於進一步促進我市房地產市場平穩健康發展的意見》). See “Industry and Regulatory Overview – The Real Estate Markets in Xiamen and Fuzhou”. On March 24, 2017, Xiamen Municipal Bureau of Land Resources and Housing Administration, Xiamen Development and Reform Commission, Xiamen Municipal Bureau of Public Security, Market Supervision Commission of Xiamen Municipality, Judicatory Bureau of Xiamen, and Xiamen Office of CBRC jointly issued the Notice to Further Improve the Controlling Measures and Promote the Stability and Health of the Xiamen Property Market (《關於進一步完善調控措施促進我市房地產市場平穩健康發展的通知》). From time to time, local governments may adopt more stringent policies to regulate the property market. For instance, Shanghai has recently launched a new policy to clamp down on so-called commercial-title apartments and strengthen the administration of commercial and office projects according to which approval of all new commercial-title apartment projects will be suspended, the construction and sale of commercial and office projects will be strictly regulated and the property developer will be required to rectify the non-compliance before the delivery of the commercial and office projects. In addition, the Guangdong Real Estate Association issued a notice in September 2018 to solicit provincial developers' views on phasing out the system of pre-sales of properties.

Many of the property industry policies carried out by the PRC government are unprecedented and are expected to be amended and revised over time. Other political, economic and social factors may also lead to further adjustments and changes in such policies. We cannot assure you that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future nor can we assure you when or whether the existing policies will be ceased or reversed. 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 estate industry, or if such policy changes disrupt our business, reduce our sales or average selling prices, or cause us to incur additional costs, our business prospects, results of operations and financial condition may be materially and adversely affected.

You should read the various risk factors under the section entitled “– Risks Relating to the PRC Real Estate Industry – The PRC government may adopt further measures to curtail the overheating of the property sector” below for more information relating to these risks and uncertainties.

Our business depends on the availability of an adequate supply of sites and our ability to successfully tender for land and obtain land use rights and other necessary PRC government approvals for our future developments and the payment terms for land use rights with respect to land we acquire in the future will be subject to more restrictive regulation recently promulgated by the PRC government.

We derive our revenue principally from the sale of properties that we have developed. To secure future revenue, we need to identify and acquire a suitable portfolio of properties for future development at commercially acceptable prices. However, our ability to identify and acquire these sites is subject to a number of factors that are beyond our control.

The PRC government controls substantially all of the land supply in the PRC. As a result, the policies of the PRC government regarding land supply will affect our ability to acquire land use rights for the sites we have identified for future developments and our land acquisition costs.

The PRC government regulates the means by which property developers, including us, obtain land for development. In May 2002, the PRC government introduced regulations requiring that land use rights for residential and commercial property developments be granted by public tender, auction or listing-for-sale. In addition, the PRC government may also limit the supply of land available for development in the cities in which we have or intend to have an interest. We cannot assure you that we will continue to be successful in tendering or bidding for sites suitable for our future developments at acceptable prices, or at all.

In recent years, the PRC central and local governments have implemented various measures to regulate the means by which property developers may obtain land. The PRC government also controls the land supply through zoning, land usage regulations and other means. All of these measures intensify the competition for land in China among property developers. In 2002, the PRC government introduced a nationwide system of mandatory public tender, auction or listing-for-sale for the grant of land use rights for commercial use, tourism, entertainment and commodity property development. On September 28, 2007, the Ministry of Land and Resources (which has been reorganized as the Ministry of Natural Resources) issued revised Rules on the Grant of State-owned Land Use Rights through Public 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》), which further stipulate legal and procedural requirements on public tender, auction or listing-for-sale, the only means by which state-owned land use rights can be granted by the PRC government for industrial purposes, commercial purposes, tourism, entertainment and commodity property development, and require that the land premium be paid in full to the local land administration bureau pursuant to the underlying land grant contract before the land use rights certificate can be issued to the land user. The PRC government's policy to grant state-owned land use rights at competitive market prices has substantially increased and is likely to continue to increase the acquisition cost of land reserves generally in the PRC.

On May 23, 2012, the Ministry of Land and Resources issued the Catalogue of Restricted Use of Land (2012 Version) (《限制用地項目目錄(2012年本)》), which specifies that (i) the area of a parcel of land granted for commodity housing development may not exceed seven hectares in small cities (towns), 14 hectares in medium size cities or 20 hectares in large cities; (ii) the plot ratio should not be less than one.

In addition, in September 2010 the Ministry of Land and Resources and MOHURD jointly issued the Notice on Further Strengthening the Administration and Control of Real Estate Use and Construction (《關於進一步加強房地產用地和建設管理調控的通知》), which stipulates, among other things, that the planning and construction conditions and land use standards should be specified when a parcel of land is to be granted, and the restrictions on the area of any parcel of land granted for commodity properties should be strictly implemented. The development and construction of large low-density residential properties should be strictly restricted, and the plot ratio for residential land is required to be more than 1:1. In addition, a property developer and its shareholders are prohibited from participating in any bidding to acquire additional land until any illegal behavior in which it has engaged, such as leaving its land idle for more than one year, has been completely rectified. The implementation of these regulations may increase land transfer prices and require property developers to maintain a higher level of working capital.

If changes in government policy lead to a reduction in land supply for our future projects, or we are not successful in tendering for land or obtaining the land use rights certificates or the other necessary PRC government approvals for our projects, our business, financial condition and results of operations may be materially and adversely affected.

The fiscal and other measures adopted by the PRC government from time to time may limit our flexibility and ability to use bank loans to finance our property developments and therefore may require us to maintain a relatively high level of internally-sourced cash. In 2007, the Ministry of Land and Resources issued the revised Provisions on the Assignment of State-owned Construction Land Use Right through Bid Invitation, Auction and Quotation (《招標拍賣掛牌出讓國有建設用地使用權規定》), which provide that property developers must fully pay the land premium for the entire parcel under the land grant contract before they can receive the land use rights certificate and commence development on the land. This regulation became effective on November 1, 2007. As a result, property developers are not allowed to bid for a large piece of land, make partial payment, and then apply for a land use rights certificate for the corresponding portion of land in order to commence development, which had been the practice in many Chinese cities. In order to develop and sell property in the PRC, property developers are required to obtain the land use rights certificates from relevant PRC government authorities. We have obtained land use rights certificates for the land for 136 of our projects completed, under development or held for future development. We are in the process of obtaining the land use rights certificates for 2 of our projects.

In November 2009, the PRC government raised the minimum land premium down payment to 50%. In March 2010, this requirement was further tightened. The PRC government set the minimum land premium at no less than 70% of the benchmark price of the locality where the parcel of land is granted, and the bidding deposit at not less than 20% of the minimum land premium. Additionally, a land grant contract must be entered into within 10 working days after the land grant deal is closed, and the down payment of 50% of the land premium is to be paid within one month of signing the land grant contract, with the remainder to be paid in full within one year of the date of the land grant contract, subject to limited exceptions. The MOHURD and the Ministry of Land and Resources jointly issued the Circular of Relevant Work on Strengthening the Recent Administration and Control of Housing and Land Supply (《關於加強近期住房及用地供應管理和調控有關工作的通知》) dated April 1, 2017 which provides, among others, that cities and counties that have more than one million inhabitants should make three-year (2017-2019) and a five-year (2017-2021) plans for housing land supply, and make the plans public by the end of June 2017. The circular further requires that local governments should adjust the size, structure and timing of land supply for residential housing in due course depending on the period of depleting commodity residential housing inventory: where such period is longer than 36 months, no more land is to be supplied; land supply shall be reduced in size if the said period is over 18 months but shorter than 36 months; more land shall be provided in the case of a period of longer than six months but shorter than 12 months; however, if the current inventory could be sold in less than six months, land shall be supplied in a significant scale at a fast pace. In addition, the circular stipulates that local authorities should adopt the examination system of land acquisition capital to insure the property developers acquiring land with internal funds and the property developers should be disqualified for any land bid backed by capital from questionable sources and prohibited from bidding for land within stipulated time limit. Local governments may implement more stringent restrictions on the payment of land premium. For instance, the local governments of Fuzhou and Xiamen have adopted more stringent measures on the payment of land premium. Such change of policy may constrain our cash otherwise available for additional land acquisition and construction. We cannot assure you that we will have adequate resources to fund land acquisitions (including any unpaid land premiums for past acquisitions), or property developments.

The implementation of such regulations will require property developers to maintain a higher level of working capital. We cannot assure you that our cash flow position, financial condition or business plans will not be materially and adversely affected as a result of the implementation of this requirement.

We may not have adequate resources to fund land acquisitions or property developments or to service our financing obligations.

We generally fund our development projects through capital contributions from our shareholders, bank loans, net proceeds from the sale of bonds and internal cash flows, including proceeds from the presale of our properties. There is no guarantee that we will obtain sufficient funds to fund all our future property developments.

As of the date of this offering memorandum, we currently have twelve outstanding senior notes: the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2024 Notes, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes and the 2021 III Notes. The face values of these senior notes are US\$350 million, US\$250 million, US\$375 million, US\$352,476,000, US\$500 million, US\$500 million, US\$500 million, US\$500 million, US\$500 million, US\$645 million, US\$400 million and US\$40 million, respectively. The interest rates on these bonds are 6.00%, 6.00%, 6.375%, 7.90%, 8.625%, 8.5%, 8.375%, 8.3%, 7.375%, 7.7% and 7.5%, per annum, respectively. See “Description of Other Material Indebtedness”.

In relation to bank financing, our ability to arrange adequate financing for our property developments on terms which will enable a particular property development to achieve a reasonable return is dependent on a number of factors, including general economic conditions, our financial strength and performance, credit availability from financial institutions and monetary policies in the PRC generally. The PRC government has in recent years taken a number of policy initiatives in the financial sector to further tighten lending requirements in general and for property developers in particular, which, among other things, include:

- adjusting the reserve requirement ratio for commercial banks six times in 2010, seven times in 2011 and twice in 2012. From February 2015 to January 2020, PBOC further adjusted the reserve requirement ratio ten times. As of the date of this offering memorandum, the ratio currently ranges from 10.5% to 12.5%. Such increases may negatively impact the amount of funds available for lending to business, including us, by commercial banks in China;
- forbidding PRC commercial banks from granting loans to property developers for funding the payments of land premium;
- forbidding PRC commercial banks from granting loans to a property developer if, (i) for supportive residential development projects or common residential development projects, the property developer’s available internal funds are less than 20% of the total estimated capital required, or (ii) for other development projects, the property developer’s available internal funds are less than 30% of the total estimated capital required;
- 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 taking commodity properties that have been vacant for more than three years as security for mortgage loans;
- prohibiting property developers from financing property developments with loans obtained from banks in regions outside the location of the relevant property developments, subject to certain exceptions;
- restricting PRC commercial banks in financing the development of luxury residential properties;

- effectively restricting offshore funding to foreign-invested real estate enterprises (“FIREEs”) in the form of loans after June 1, 2007 and the ability of FIREEs to raise funds by increasing registered capital;
- prohibiting commercial banks from granting loans to property projects that have not obtained land use rights certificates, construction land planning permits, construction works planning permits and construction works commencement permits;
- requiring that commercial bank loans to property developers be classified as real estate development loans and not as general working capital loans;
- restricting pre-sale proceeds to be used only for funding property development costs of the relevant projects to which they relate;
- prohibiting the pre-sale of uncompleted units in a project prior to achieving certain development milestones;
- in November 2009, the PRC government raising the minimum down-payment requirement for land purchases to 50% of the land premium and requiring land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions;
- in March 2010, the Ministry of Land and Resources stipulating that the minimum down payment of land premium of 50% should be paid within one month after the signing of a land grant contract and that the rest of the land premium should be fully paid within one year after the signing of a land grant contract; and
- on September 29, 2010, the PBOC and CBRC promulgated the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (關於完善差別化住房信貸政策有關問題的通知), which provides that all property companies with records of having idle land, changing the land use purpose and nature, delaying the project commencement or completion time and hoarding properties or other acts of noncompliance with applicable laws or regulations are restricted from obtaining bank loans or credit facilities for new projects.

In addition, the MOHURD and the Ministry of Land and Resources jointly issued the Circular of Relevant Work on Strengthening the Recent Administration and Control of Housing and Land Supply(《關於加強近期住房及用地供應管理和調控有關工作的通知》)dated April 1, 2017 which requires that local authorities should adopt the examination system of land acquisition capital to insure the property developers acquiring land with internal funds and the property developers should be disqualified for any land bid backed by capital from questionable sources and prohibited from bidding for land within stipulated time limit. On June 27, 2018, NDRC emphasized in a post on its website that the proceeds from offshore bond offerings by PRC property enterprises are to be mainly used for the repayment of debts due and are restricted from being used for investments in property projects within or outside China or working capital. On July 12, 2019, NDRC published a Notice on Requirements for Foreign Debt Registration Application by Real Estate Enterprises(《關於對房地產企業發行外債申請備案登記有關要求的通知》)on its website which imposes more restrictions on the use of proceeds of foreign debts incurred by real estate developers. According to the notice, the use of proceeds of foreign debt incurred by a real estate developer is limited to refinancing its medium to long term offshore debts which will become due within one year, and the real estate developer is required to specify in the documents for application of foreign debt registration with NDRC the details of such medium to long term offshore debts to be refinanced, such as amount, maturity date and whether such medium to long term offshore debts were registered with NDRC. The real estate developer is also required to submit a commitment letter to

NDRC regarding the authenticity of its foreign debt issuance. Failure to comply with these restrictions, the real estate developer may be blacklisted and prevented from obtaining foreign debt registrations in the future. We cannot assure you that the PRC government will not introduce other initiatives which may limit our access to capital. The foregoing and other initiatives introduced by the PRC government may limit our flexibility and ability to use bank loans or other forms of financing to fund our land acquisitions or property developments and therefore may require us to maintain a relatively high level of internally sourced funds. As a result, our business, financial condition and results of operations may be materially and adversely affected.

As of December 31, 2019, our borrowings amounted to RMB55,668.5 million, of which RMB15,271.6 million was due within a period not exceeding one year or on demand and RMB40,396.9 million was due after more than one year. We cannot assure you that we will be able to obtain bank loans or renew existing credit facilities granted by financial institutions in the future on reasonable terms or at all or any fluctuations in the interest rates will not affect our ability to fund our property developments. Please also see “– We had net cash outflows from operating activities in 2019, maintain a substantial level of indebtedness and have substantial committed future capital expenditures, all of which may materially and adversely affect our liquidity and results of operations” for more details.

We may be adversely affected by dislocations in the global economy and financial markets.

The global economic slowdown and turmoil in the global financial markets that started in the second half of 2008 have had a negative impact on the world economy, which in turn has affected the PRC real estate industry and many other industries. On August 6, 2011, Standard and Poor’s Ratings Services (“S&P”) downgraded the rating for long-term United States debt to “AA+” from “AAA” for the first time in 70 years. The downgrade of United States debt by S&P, coupled with the economic turmoil in Europe and other parts of the world, has slowed the pace of the global economic recovery and could lead to another global economic downturn and financial market crisis.

The outlook for the world economy and financial markets remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt. More recently, in June 2016, the United Kingdom (“UK”) voted to leave the European Union (“EU”) in a referendum (the “Brexit Vote”). Currently, both the terms and the timing of the UK’s exit from the EU and the future relationship between the two remain unclear. In the United States, the unemployment rate remains high, and recovery in the housing market remains subdued. 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, political unrest in various countries has resulted in economic instability and uncertainty. China’s economic growth may slow down due to weakened exports.

In addition, the uncertainty in the global economic outlook has contributed to significant levels of volatility. Any recurrence of a global financial crisis, which could potentially be sparked by the recent market volatility attributed to concerns over imposition of punitive tariffs on imports from China caused by trade war and advocacy of protectionism, especially from the United States market under its current administration, may cause a slowdown in the PRC economy. Continued turbulence in the international markets, as well as any slowdown of economic growth in China, may continue to adversely impact the demand of our products from customers, which may in turn materially and adversely affect our business, results of operations and financial condition.

These and other issues resulting from the global economic slowdown and financial market turmoil have adversely affected, and may continue adversely affecting, homeowners and potential property purchasers, which may lead to a decline in the general demand for our products and erosion of their sale prices. In

addition, any further tightening of liquidity in the global financial markets may negatively affect our liquidity. Therefore, if the global economic slowdown and turmoil in the financial markets crisis continue, our business, financial condition and results of operations may be negatively affected.

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 impact our results of operations.

We are required to reassess the fair value of our investment properties as of each balance sheet date. In accordance with HKFRS, gains or losses arising from changes in the fair value of our investment properties should be accounted for in our consolidated income statement in the period in which they arise. Our investment properties were revalued by an independent property valuer as of December 31, 2017, 2018 and 2019, respectively, on an open market for existing use basis which reflected market conditions at those dates. Based on such valuations, we recognized the aggregate fair market value of our investment properties on our consolidated statements of financial position, and recognized changes in fair values of investment properties and the relevant deferred tax on our consolidated statements of profit or loss. In 2017, 2018 and 2019, we recorded fair value gains on our investment properties, net of deferred tax amounting to approximately, RMB285.1 million, RMB124.4 million and RMB450.4 million, respectively in our consolidated statements of profit or loss.

Fair value gains or losses do not, however, change our cash position as long as the relevant investment properties are held by us, and accordingly do not increase our liquidity in spite of the increased profit represented by any fair value gains. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. Macroeconomic factors, including economic growth rates, interest rates, inflation rates, urbanization rates and disposable income levels, in addition to government regulations, can substantially affect the fair value of our investment properties and affect the supply and demand in the PRC property market. All these factors are beyond our control and we cannot assure you that changes in market conditions will create fair value gains on our investment properties as they have in the past, or at all. If the fair value of our investment properties declines, our profitability would be materially and adversely affected.

We provide guarantees over mortgage loans given by banks to purchasers of our properties which may materially and adversely affect our results of operations and financial condition if we are required to honor the guarantees.

We enter into arrangements with banks to facilitate the provision of mortgage facilities to purchasers of our properties. In accordance with industry practice, we are required to provide guarantees to these banks in respect of mortgages offered to our customers until the earlier of (i) the completion of construction and the relevant property ownership certificates being delivered to the purchasers and (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers. In our experience, the guarantee periods normally last for up to 24 months. If a purchaser defaults under the mortgage loan and the bank seeks enforcement of the guarantee, we are required to repay all of the debt owed by the purchaser to the mortgagee bank under the loan, in exchange for which the mortgagee bank will assign its rights under the loan and the mortgage to us and we will have full recourse to the property.

In line with industry practice, we do not conduct independent credit checks on our customers but rely instead on the credit checks conducted by the mortgagee banks. As of December 31, 2017, 2018 and 2019, our outstanding guarantees over the mortgage loans of our customers amounted to approximately RMB12,501.3 million, RMB9,778.1 million and RMB16,967.4 million, respectively. We cannot assure you that defaults will not occur in the future or that we will not suffer any loss due to existing or future defaults. If a significant number of purchasers default on their mortgages and our guarantees are enforced, our results of operations and

financial condition could be adversely affected to the extent that there is a material depreciation in the value of the relevant properties from the price paid by the purchaser or that we cannot sell such properties due to unfavorable market conditions or other reasons or we have insufficient liquidity.

Changes to laws and regulations with respect to pre-sales may materially adversely affect our business, cash flow position and financial condition.

We depend on pre-sale of properties as an important source of funding for our property projects. There is no assurance that we will be able to continue achieving sufficient pre-sales to fund a particular development. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence the pre-sale of properties and may only use pre-sale proceeds to finance the development of such properties. Please see “Business – Property Development – Pre-sale” for more details. In August 2005, the PBOC in a report entitled “2004 Real Estate Financing Report” recommended discontinuation of the practice of pre-selling unfinished properties because such practices, in the PBOC’s opinion, create significant market risks and generate transactional irregularities. Although this and similar recommendations have not been adopted by the PRC government, there can be no assurance that the PRC government will not adopt such recommendations and ban the practice of pre-selling unfinished properties or implement further restrictions on the pre-sale practice, such as imposing additional conditions for obtaining a pre-sale permit or imposing further restrictions on the use of pre-sale proceeds. For instance, the land grant contracts and land use rights certificates for certain of our projects in Suzhou and Hangzhou have stipulated that we must complete the construction of the project before applying for pre-sale permits and for certain of our projects in Shanghai, Foshan, Tianjin and Hangzhou, the land grant contracts require us to hold certain portion of completed properties for lease and cannot retail such properties. Further, the PRC government has imposed strict regulations on the advertising of property pre-sales and some of our project companies have been penalized for violations of such pre-sale regulations. In addition, the Guangdong Real Estate Association issued a notice in September 2018 to solicit provincial developers’ views on phasing out the system of pre-sales of properties. Any restriction on our ability to pre-sell our properties, including any increase in the amount of up-front expenditure we must incur prior to obtaining a pre-sale permit or any restriction on our ability to utilize the pre-sale proceeds, including future changes to laws and regulations governing the use of pre-sale proceeds, would extend the time required to recover our capital outlay and could require us to seek alternative means to finance the various stages of our developments, which, in turn, could have a materially adverse effect on our business, cash flow position and financial condition.

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

In 2013, the State Administration of Foreign Exchange (“SAFE”) issued a notice that stipulates, among other things, (i) that the local foreign exchange authorities will no longer process foreign debt registrations or foreign debt applications for the settlement of foreign exchange submitted by real estate enterprises with foreign investment that obtained approval certificates from and registered with the MOFCOM on or after June 1, 2007; and (ii) that the local foreign exchange authorities will no longer process foreign exchange registrations (or any change in such registrations) or applications for settlement and sale of foreign exchange submitted by real estate enterprises with foreign investment that obtained approval certificates from local commerce departments on or after June 1, 2007 but that did not register with the MOFCOM. These regulations effectively restrict us from injecting funds raised offshore, including proceeds of this offering, into our PRC foreign-invested project companies by way of shareholder loans. Without having the flexibility to transfer funds to PRC foreign-invested subsidiaries as loans, we cannot assure you that the dividend payment from our PRC foreign-invested subsidiaries will be available on each interest payment date to pay the interest due and payable under the Notes, or on the maturity date to pay the principal of the outstanding Notes.

In addition, equity contributions by us and our non-PRC subsidiaries to our PRC subsidiaries had been required filings with or approvals from the commerce department of the local government and registration with the provincial branch of MOFCOM, which may take considerable time and delay the actual contribution to the PRC subsidiaries. Since January 1, 2020, instead of the aforesaid filings with or approvals from the commerce authorities, the relevant reports to the commerce authorities through the enterprise registration system will be required. We cannot assure you that we have obtained or will obtain in a timely manner all relevant necessary approval certificates or registration or complete the requisite reporting procedures for all our operating subsidiaries in the PRC to comply with this regulation. Furthermore, we cannot assure you that the PRC government will not introduce new policies that further restrict our ability to deploy, or that prevent us from deploying, in China the funds raised outside of China. Therefore, we may not be able to use all or any of the capital that we may raise outside China to finance our projects in a timely manner or at all.

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

On February 3, 2015, the PRC State Administration of Taxation issued the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (關於非居民企業間接轉讓財產企業所得稅若干問題的公告) (“Circular 7”). This regulation repealed certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on Non-Resident Enterprises (國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知) (“Circular 698”) and certain rules clarifying Circular 698. Circular 698 was issued by the PRC State Administration of Taxation on December 10, 2009. Circular 7 provides comprehensive guidelines relating to, and heightened the Chinese tax authorities’ scrutiny on, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (“PRC Taxable Assets”). For example, when a non-resident enterprise transfers equity interests in an overseas holding company that directly or indirectly holds certain PRC Taxable Assets and if the transfer is believed by the Chinese tax authorities to have no reasonable commercial purpose other than to evade enterprise income tax, Circular 7 allows the Chinese tax authorities to reclassify this indirect transfer of PRC Taxable Assets into a direct transfer and impose on the non-resident enterprise a 10% rate of PRC enterprise income tax. Circular 7 exempts this tax, for example, (i) where a non-resident enterprise derives income from an indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company in the public market, and (ii) where a non-resident enterprise transfers PRC Taxable Assets that it directly holds and an applicable tax treaty or arrangement exempts this transfer from PRC enterprise income tax. As Circular 7 was newly implemented and only became effective in February 2015, there is limited guidance and practical experience regarding the application and enforcement of Circular 7. As a result, we may become at risk of being taxed under Circular 7 due to any future transfer of equity interests. We may be required to allocate significant resources to comply with Circular 7 or to establish that we should not be taxed under Circular 7, which may have a material adverse effect on our financial condition and results of operations.

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

Pursuant to the “Notice on Adjustment of Transfer Business Tax to Appreciation Tax” (關於全面推開營業稅改征增值稅試點的通知) (Cai Shui [2016] No. 36) issued on March 23, 2016 and implemented on May 1, 2016 (“Circular 36”) by the Ministry of Finance and SAT, effective from May 1, 2016, PRC tax authorities have started imposing value added tax (“VAT”) on revenues from various service sectors, including real estate, construction, financial services and insurance, as well as other lifestyle service sectors, replacing the business tax (“BT”) that co-existed with VAT for over 20 years. Since the issuance of Circular 36, the Ministry of Finance and SAT have subsequently issued a series of tax circulars in March and April 2016 to implement the collection a VAT on revenues from construction, real estate, financial services and lifestyle

services. The VAT rates applicable to us may be generally higher than the BT rate we were subject to prior to the implementation of Circular 36. For example, the VAT rate for sale of self-developed real estate projects will be increased from 5% to 11%. Unlike the BT, the VAT will only be imposed on added value, which means the input tax incurred from our construction and real estate will be able to be offset in the output tax. However, details of concrete measures are still being formulated in accordance with Circular 36. We are still in the process of assessing the comprehensive impact of the new VAT regime on our tax burden, our revenues and results of operations, which remains uncertain.

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

We make certain undertakings in our pre-sale contracts. These pre-sale contracts and PRC laws and regulations provide for remedies with respect to any breach of such undertakings. For example, if we pre-sell a property project and we fail to complete that property project, we will be liable to the purchasers for their losses. Should we fail to complete a pre-sold property project on time, the purchasers may seek compensation for late delivery pursuant to either their contracts with us or PRC laws and regulations. If completion of a pre-sold property project is delayed beyond a specified period, the relevant purchasers may terminate their pre-sale contracts with us and claim compensation. We cannot assure you of the timely completion and delivery of our projects.

We had net cash outflows from operating activities in 2019, maintain a substantial level of indebtedness and have substantial committed future capital expenditures, all of which may materially and adversely affect our liquidity and results of operations.

In 2019, we had net cash outflow from operating activities in the amount of RMB5,859.2 million. This net cash outflow was primarily attributable to an increase in properties under development of RMB11,304.7 million, a decrease in properties held for sale of RMB8,077.0 million, an increase in prepayments for acquisition of land of RMB3,440.1 million, an increase in prepayments, deposits and other receivables of RMB4,393.2 million, a decrease in contract liabilities of RMB5,563.2 million, an increase in trade payables of RMB2,912.3 million and an increase in other payables and accruals of RMB10,032.4 million.

We maintain a substantial level of indebtedness. Our total bank and other loans, including both current and non-current bank and other loans, corporate bonds and senior notes, as of December 31, 2017, 2018 and 2019, were approximately RMB27,567.5 million, RMB43,631.9 million and RMB55,668.5 million, respectively. Our total net assets as of December 31, 2017, 2018 and 2019 were RMB17,443.2 million, RMB21,430.4 million and RMB28,727.6 million, respectively. As of December 31, 2019, of our total bank and other loans, corporate bonds and senior notes of RMB55,668.5 million, RMB15,271.6 million was repayable within one year or on demand, and RMB40,396.9 million was repayable beyond one year. We may not generate sufficient cash flows from operations to support the repayment of such current loans.

We also have substantial committed future capital expenditures and contingent liabilities. As of December 31, 2019, our contracted capital commitments in connection with our investment properties under construction, properties under development and acquisition of project companies amounted to RMB7,090.5 million, and we provided guarantees of RMB29,386.0 million, to banks in the PRC in respect of the mortgage loans provided by the banks to purchasers of our developed properties and to banks and other lenders in connection with facilities granted to joint ventures and associates.

Our liquidity in the future will primarily depend on our ability to maintain adequate cash inflows from operations to meet our debt obligations as they become due and on our ability to maintain adequate external financing to meet our committed future capital expenditures and pay for the guarantees we provide to commercial banks or other lenders if purchasers default on their mortgages or joint ventures default on their

loans. Our operating cash flows may be adversely affected by numerous factors, including increased competition, decreased demand for residential properties, retail and commercial properties or car park spaces, unforeseen delays in the property development process and various other matters beyond our control. Since we maintain a substantial level of indebtedness and have substantial committed future capital expenditures and contingent liabilities, a decrease in our operating cash inflows could materially and adversely affect our liquidity and results of operations.

Because we derive our revenues principally from the sale of property, our results of operations may vary significantly from period to period.

At present, we derive substantially all of our revenues from the sale of residential properties that we have developed, and not from returns on investment properties, such as rental income. Our results of operations may fluctuate in the future due to a combination of factors, including the overall schedules of our property development projects, the level of acceptance of our properties by prospective customers, the timing of the sale of properties that we have developed, our revenue recognition policies and any volatility in expenses such as land costs and construction costs. For the years ended December 31, 2017, 2018 and 2019, our revenue was RMB21,700.7 million, RMB24,305.9 million and RMB23,240.7 million, respectively.

Prior to the adoption of HKFRS 15 on January 1, 2018, we did not recognize revenue from the sale and pre-sale of a property until such property is completed and delivered to the buyer, which normally takes place about nine to 24 months after the commencement of pre-sales. Revenue for most of the properties contracted to be sold in 2015 will only be recognized in subsequent financial periods. Under HKFRS 15, for properties that have no alternative use to us due to contractual reasons and when we have an enforceable right to payment from customers for performance completed to date, we recognize revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress.

In light of the above, we believe that period-to-period comparisons of our operating results may not be as meaningful as they would be for a company with a greater proportion of recurring revenues. Furthermore, the completion and delivery of any project development may be adversely affected by a combination of factors, including adverse weather conditions, delays in obtaining requisite permits and approvals from relevant government authorities, as well as other factors beyond our control. Any of these factors may affect the timing of completion and delivery of our projects, as well as our cash flow position and recognition of revenue from our projects, thus adversely affecting our financial condition.

We may not be successful in expanding into our new hotel and investment property businesses.

We are entering into the business of developing and managing office buildings and hotels. We are currently developing hotel and office buildings in Xiamen, Hefei and Shanghai. However, our experience as a residential property developer may not be applicable to the development of these types of investment properties. Although we have established property management companies to manage the daily operations of our hotel and office buildings, our experience as a residential property developer may not provide us with the necessary knowledge for facing the challenges associated with the hotel and investment property management businesses. If their performance is not satisfactory to our guests or tenants, the occupancy rate and/or rental value of our hotels and office buildings may decrease, and thus adversely affect our results of operations and our reputation. We also may not be able to reduce the costs associated with the management of our hotel and office buildings in a timely manner in response to changes in demand for those properties. Furthermore, the performance of our investment properties is subject to various factors beyond our control, such as the economic conditions and the level of business activities, business travel and tourism in the region. There may not be sufficient and consistent market demand for high-end hotels and office space in Xiamen or the other

cities in which we plan to develop such properties, and, as a result, our results of operations in these new segments may not be profitable or generate recurring income or cash flow as we expect, and we could even operate at a loss.

We may not be able to leverage our previous experience in property development in expanding into other cities.

Our business has expanded rapidly since 1994 when we commenced our property development business. In addition to expanding our presence in Xiamen, we have expanded into Shanghai, Quanzhou, Tianjin, Nanjing, Hefei, Fuzhou, Longyan, Bengbu, Hong Kong, Zhangzhou and Hangzhou. We intend to continue to leverage our experience expanding into other fast growing PRC cities. The market and circumstantial situations in these new cities may differ from Xiamen and other cities where we have already developed projects in terms of the level of economic development, topography, culture, regulatory practices, level of familiarity with contractors and business practices and customs, and customer tastes, behavior and preferences. Accordingly, our prior experiences may not be applicable to other cities. In addition, when we enter into new markets and geographical areas, it is likely that we will compete with local developers who have an established local presence, have more familiarity with local regulatory and business practices and customs, and have stronger relationships with local contractors, all of which may give them a competitive advantage over us. Failure to leverage our experience or failure to understand the property market in other cities in China which we target for expansion may have a material adverse effect on our financial condition and results of operations.

Our results of operations may be affected by the performance and reputation of, and any adverse developments relating to, our hotel management partner.

Our Yuzhou Wyndham Grand Plaza Royale Hotel is managed by an independent third party hotel management group. Therefore, our results of operations may be affected by the performance of our hotel management partner, as well as any adverse publicity or other adverse developments that may affect our hotel management partner or its brands generally. Any disagreement between our hotel management partner and ourselves in respect to the management of Yuzhou Wyndham Grand Plaza Royale Hotel may adversely affect the performance of the operations of our hotel. In addition, in the event that we wish to replace our hotel management partner, we may be unable to do so under the terms of our management agreement or we may need to pay substantial termination fees and experience operational disruptions at the hotel. The effectiveness and performance of our hotel management partner in managing our hotel will, therefore, significantly affect the revenue, expenses and value of our hotel. In addition, our hotel management partner will have a non-exclusive arrangement with us, and it will own, operate or franchise properties other than our property, including properties that may compete with our property. Any of these factors may materially and adversely affect the operations and profitability of our hotel, which could materially harm our business, financial condition and results of operations.

We are subject to legal and business risks if our project companies fail to obtain or renew their qualification certificates.

All real estate developers/companies in the PRC must obtain a qualification certificate in order to carry out the business of property development in the PRC. In addition, a real estate developer in the PRC must hold a valid qualification certificate when it applies for a pre-sale permit.

The Provisions on Administration of Qualification Certificates of Real Estate Developers (《房地產開發企業資質管理規定》), or the Provisions on Administration of Qualifications, provide that a newly established developer must first apply for a temporary qualification certificate with a one-year term (暫定資質證書), which can be renewed for a maximum of a two-year period.

Thereafter, the developer must apply for a formal qualification certificate (資質證書) under one of the four grades set out in the Provisions on Administration of Qualifications. A qualification certificate will not be granted or renewed until and unless the developer meets the various requirements set out in the Provisions on Administration of Qualifications. Nine of our PRC subsidiaries engaging in project development are in the process of applying for the issuance or extension of their respective qualification certificates. If any one of our project companies is unable to meet the relevant requirements for obtaining or renewing its qualification certificate, that project company will be given a deadline within which it has to meet these requirements, and it will also be subject to a penalty of between RMB50,000 and RMB100,000. Failure to meet the requirements within the specified timeframe could result in the revocation of any qualification certificate and the business license of the relevant project company.

We may become involved, from time to time, in legal and other proceedings arising out of our operations and may face significant liabilities as a result.

We may be involved in disputes with various parties involved in the development, construction and sale of our properties, including contractors, suppliers, construction workers, partners and purchasers. Such disputes may arise from a variety of causes, including the suitability of building materials, workmanship, construction delay and payment terms. These disputes may lead to legal or other proceedings which would result in substantial costs and diversion of resources and management's attention. As most of our projects comprise multiple phases, purchasers of our properties in earlier phases may file legal actions against us if the subsequent planning and development of such projects is perceived to be inconsistent with the representations and warranties made to such 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 pecuniary liabilities and cause delays to our property developments. Any of these developments could materially and adversely affect our business and results of operations.

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

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

- Increases in interest rates will increase the cost to our customers of funding property purchases through mortgages. The PBOC increased its benchmark lending rates two times in 2010 and three times in 2011. However, the PBOC decreased its benchmark lending rates two times in 2012, once in 2014 and five times in 2015, and the benchmark lending rate for loans with a term of over five years was decreased to 4.90% on October 24, 2015. According to media reports, since October 2011, several PRC commercial banks have tightened their loan policies for real estate by raising their lending rates. For example, a number of PRC domestic banks have raised the mortgage rates for first-time home buyers by a minimum of 5%. On August 25, 2019, PBOC issued the Announcement of the People's Bank of China No.16 [2019] under which, starting from October 8, 2019, new commercial individual housing loans should be priced by adding basis points to the latest monthly loan prime rate (LPR) of corresponding maturity. The basis points added should conform to the national and local housing credit policy requirements, reflect the loan risk profile, and remain fixed during the contract period. The interest rate of first-time commercial individual housing loans should not be lower than the LPR of corresponding maturity, and the interest rate of second-time commercial individual housing loans not be lower than the LPR of corresponding maturity plus 60 basis points. Any further increases in interest rates, including by the PBOC, will

adversely affect the affordability and attractiveness of mortgage financing to potential purchasers of our properties. Our cost of borrowing would also increase as a result of interest rate increases, which would, in turn, adversely affect our results of operations;

- The PRC government may also increase the down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. Since September 2010, the PRC government has increased the minimum amount of down payment to 30% of the purchase price for all first-time home buyers. Since January 2011, for second-time home buyers that use mortgage financing, the PRC government has increased the minimum down payment to 60% of the purchase price, and set the minimum mortgage loan interest rate for such purchases at 110% of the relevant benchmark lending interest rate. However, to support the demand of buyers of property for residential purposes, PBOC and CBRC jointly issued the Notice on Further Improving Financial Services for Real Estate Sector (《關於進一步做好住房金融服務工作的通知》) in September 2014, which sets the minimum mortgage loan interest rate for first-time home buyers at 70% of the benchmark lending interest rate. Where a family that owns a residential property and has paid off the mortgage loan applies for a mortgage loan to buy another residential property to improve living conditions, the bank may apply the aforesaid first-time housing purchase mortgage loan policy. For commercial property buyers, banks are no longer allowed to finance the purchase of pre-sold properties. The minimum down payment for commercial property buyers has increased to 50% of the purchase price, and the minimum mortgage loan interest rates for such purchases has been set at 110% of the relevant benchmark lending interest rate and maximum maturities of no more than 10 years. See “– Our business is subject to extensive governmental regulation and, in particular, we are susceptible to policy changes in the PRC property sector”; and
- Any disruption to, or change in, the banking sector in China that affects our customers’ ability to obtain mortgages could have an adverse effect on our liquidity and results of operations.

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

We are subject to certain restrictive covenants in the loan contracts between us and certain banks, the indenture for the 2022 Notes, the indenture for the 2023 Notes, the indenture for the 2021 Notes, the indenture for the 2021 II Notes, the indenture for the 2022 II Notes, the indenture for the 2023 II Notes, the agreement governing the 2017 Dual Tranche Term Facility, the indenture for the 2024 Notes, the agreement governing the 2019 Term Loan Facility, the indenture for the 2024 II Notes, the indenture for the 2025 Notes, the indenture for the 2026 Notes, the indenture for the 2025 II Notes, the indenture for the 2021 III Notes, each of which states that it will be an event of default under such agreement if we fail to meet any payment obligation in excess of certain agreed amounts under any other loan contract or any other instrument evidencing indebtedness (a “Cross Default”). If any Cross Default occurs, the relevant bank or trustee will be entitled to accelerate payment of all or any part of the indebtedness owing under all the loan contracts between us and such bank, or the indenture for the 2022 Notes, the indenture for the 2023 Notes, the indenture for the 2021 Notes, the indenture for the 2021 II Notes, the indenture for the 2022 II Notes, the indenture for the 2023 II Notes, the agreement governing the 2017 Dual Tranche Term Facility, the indenture for the 2024 Notes, the agreement governing the 2019 Term Loan Facility, the indenture for the 2024 II Notes, the indenture for the 2025 Notes, the indenture for the 2026 Notes, the indenture for the 2025 II Notes or the indenture for the 2021 III Notes as the case may be, and to enforce all or any of the security for such indebtedness. For more information please see a summary description of the terms and conditions of our material indebtedness in “Description of Other Material Indebtedness.” See also “– Risks Relating to the Notes – We have substantial indebtedness, including that under the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the

2022 II Notes, the 2023 II Notes, the 2017 Dual Tranche Term Facility, the 2024 Notes, the 2019 Term Loan Facility, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes, the 2021 III Notes, and may incur substantial additional indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations.”

The interests of our controlling shareholders may not align with those of our other Shareholders.

Mr. Lam Lung On and his spouse, Ms. Kwok Ying Lan, our controlling shareholders, directly held approximately 57% of our ordinary shares. The interests of our controlling shareholders may differ from our interests or the interests of our other shareholders and creditors, including the holders of the Notes.

The controlling shareholders could have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. In cases where their interests are aligned and they vote together, the controlling shareholders will also have the power to prevent or cause a change in control. Without the consent of one or all of the controlling shareholders, we may be prevented from entering into transactions that could be beneficial to us. In addition, such controlling shareholders are also the controlling shareholders of, or may otherwise participate in the management of, certain other companies that are outside of our Group. We cannot assure you that they will act in our interests or that conflicts of interest will be resolved in our favor.

Any unauthorized use of our brand or trademark may adversely affect our business.

We own trademarks for “禹洲”, in the form of Chinese characters and our company logo. We rely on the PRC intellectual property and anti-unfair competition laws and contractual restrictions to protect our brand and trademarks. We believe our brand, trademarks and other intellectual property rights are important to our success. Any unauthorized use of our brand, trademarks and other intellectual property rights could harm our competitive advantages and business. Historically, China has not protected intellectual property rights to the same extent as the United States or the Cayman Islands, and infringement of intellectual property rights continues to pose a serious risk of doing business in China. Monitoring and preventing unauthorized use is difficult. The measures we take to protect our intellectual property rights may not be adequate. Furthermore, the application of laws governing intellectual property rights in China and abroad is uncertain and evolving, and could involve substantial risks to us. If we are unable to adequately protect our brand, trademarks and other intellectual property rights, our reputation may be harmed and our business may be adversely affected.

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

Our future success depends heavily upon the continuing services of our executive directors and members of our senior management team, in particular, our founder and Chairman, Mr. Lam Lung On. Most members of our senior management team have more than ten years of property development experience in the PRC. If one or more of our senior executives or other personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. As competition in the PRC for senior management and key personnel with experience in property development is intense and the pool of qualified candidates is limited, we may not be able to retain the services of our senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. In addition, if any 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 key professionals and staff members. Furthermore, as our business continues to grow, we will need to recruit and train additional qualified personnel. If we fail to attract and retain qualified personnel, our business and prospects may be materially and adversely affected.

We rely on independent contractors to provide property development products and services.

We engage independent third party contractors to provide significant property development services, including construction, piling and foundation, building and property fitting-out work, interior decoration and installation of air-conditioning units and elevators. Payments to our construction contractors account for a significant amount of our costs. For the years ended December 31, 2017, 2018 and 2019, payments to our five largest construction contractors as a percentage of our total payments under construction contracts were 22.6%, 19.8% and 18.6%, respectively. Our projects are usually undertaken by independent contractors selected through invitation and our contracts typically do not allow these independent contractors to sub-contract all or significant portions of the work unless our prior approval has been obtained. There can be no assurance that the services rendered by any such independent contractor or any subcontractor will be completed in a timely manner or of satisfactory quality. If these services are not timely or of acceptable quality, we may incur substantial costs to complete the projects and remedy any defects and our reputation could be significantly harmed. We are also exposed to the risk that a contractor may require additional funds in excess of the fixed cost to which they committed contractually and we may have to bear such additional amounts. Furthermore, any contractor that experiences financial or other difficulties, including labor disputes with its employees or an inability to procure needed supplies in a timely manner, may be unable to carry out construction or related work, resulting in a delay in the completion of our development projects or resulting in additional costs. We believe that any problems with our contractors, individually or in the aggregate, may materially and adversely affect our financial condition, results of operations or reputation. We cannot assure you that such problems with our contractors will not occur in the future.

Our business, financial condition and results of operations may be materially and adversely affected if we fail to obtain, or are considered by relevant governmental authorities to have failed to obtain, or experience material delays in obtaining, PRC government approvals or certificates for our property developments.

The property industry in the PRC is heavily regulated by the PRC government. PRC real estate developers must comply with various requirements mandated by applicable laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations.

In order to develop and complete a property development, a property developer must obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of the property development, including land use rights documents, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. We are currently in the process of applying for construction planning permits or construction permits for certain of our property projects under development and we have also been imposed penalties by relevant local governmental authorities as result of commencing construction without obtaining relevant requisite permits or non-compliance with the relevant planning permits or construction permits we have obtained. We cannot assure you that we will not encounter major problems in obtaining the permits, licenses, certificates or approvals as required, or that we will be able to adapt ourselves to new laws, regulations or policies that may come into effect from time to time with respect to the property industry in general or the particular processes with respect to the granting of the approvals.

We may not be able to complete our development projects on time or at all.

Property development projects require substantial capital expenditure prior to and during the construction period. The timing and costs involved in completing a development project can be adversely affected by many factors, including:

- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;
- state, provincial or local government regulations;
- relocation of existing site occupants and/or demolition of existing structures;
- shortages of materials, equipment, contractors and skilled labor;
- increases in prices of raw materials;
- quality issues with construction materials;
- labor disputes;
- construction accidents;
- delays in remitting offshore funds to the PRC;
- natural catastrophes; and
- adverse weather conditions.

Construction delays or the failure to complete the construction of a project according to its planned specifications, schedule or budget as a result of the above factors may result in harm to our reputation, loss of or delay in recognizing revenues and lower returns. If a pre-sold property development is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery. If the delay extends beyond a certain period, the purchasers may even be entitled to terminate the pre-sale agreements and claim damages. As of the date of this offering memorandum, our Group has not encountered any significant construction delays or failure to complete the construction of a project on time. However, we cannot assure you that we will not experience any significant delays in completion or delivery in the future or that we will not be subject to any liabilities for any such delays.

In addition, further regulatory changes, competition, and inability to procure governmental approvals or required changes in project development practice could occur at any stage of the planning and development process. We may not be able to complete projects that we are currently developing or plan to develop and we may find ourselves liable to purchasers of pre-sold units for losses suffered by them.

Property owners may terminate our engagement as the provider of property management services.

We provide post-sales property management services to the owners of several residential projects that we have developed through our wholly owned property management subsidiary, Yuzhou Property Service Co., Ltd. We believe that property management is an integral part of our business and critical to the successful marketing and promotion of our property developments. Under PRC laws and regulations, the homeowners of a residential community of certain scale have the right to change the property management service provider upon

the consent of a certain percentage of the homeowners. If homeowners of the projects that we have developed choose to terminate our property management services, or property buyers dislike our property management services, our reputation could be materially and adversely affected.

We may suffer losses arising from uninsured risks.

In accordance with what we believe to be industry practice, we do not maintain insurance for destruction of, or damage to, our property developments (whether they are under development or have been completed and are pending delivery) other than with respect to those buildings over which our lending banks have security interests, for which we are required to maintain insurance coverage under the relevant loan agreements. We also do not carry insurance covering construction-related personal injuries. In addition, we do not carry insurance for any liability arising from allegedly tortious acts committed on our work sites. Under PRC laws, construction companies bear the primary civil liability for personal injuries arising out of their construction work. The owner of a property under construction may also bear liability supplementary to the liability of the construction company if the latter is not able to fully compensate the injured. The owner of the property may also bear civil liability for personal injuries, accidents and death if such personal injuries, accidents or death are due to the fault of such owner. Moreover, there are certain losses for which insurance is not available on commercially practicable terms, such as those suffered due to earthquake, typhoon, flooding, war and civil disorder. If we suffer from any losses, damages or liabilities in the course of our business operations, we may not have sufficient funds to cover any such losses, damages or liabilities or to replace any property development that has been destroyed. In addition, any payment we make to cover any losses, damages or liabilities could have a material adverse effect on our business, financial condition and results of operations.

The total GFA of some of our property developments may have exceeded the original authorized area and the excess GFA is subject to governmental approval and payment of additional land premium.

When the PRC government grants land use rights for a piece of land, it will specify in the land grant contract the permitted use of the land and the total GFA, that the developer may develop on the land. The actual GFA constructed, however, may exceed the total GFA authorized in the land grant contract due to factors such as subsequent planning and design adjustments. The amount of GFA in excess of the authorized amount is subject to approval when the relevant governmental authorities inspect the properties after their completion and the developer may be required to pay additional land premium in respect of such excess GFA. If we fail to obtain the required certificate of completion due to any such excess, we will not be allowed to deliver the relevant properties or to recognize the revenue from the relevant pre-sold properties and may also be subject to liabilities under the sale and purchase agreements. We cannot assure you that the total constructed GFA of our existing projects under development or any future property developments will not exceed the relevant authorized GFA upon completion or that we will be able to pay the additional land premium and obtain the certificate of completion on a timely basis. Any of the above could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to the PRC Real Estate Industry

The PRC government may adopt further measures to curtail the overheating of the property sector.

As a property developer, we are subject to extensive government regulations in virtually every aspect of our operations and are highly susceptible to changes in the regulatory measures and policy initiatives implemented by the PRC government. Over the past few years, property developers have invested heavily in the PRC, raising concerns that certain sectors of the property market are subject to overheating. In response to the concerns, the PRC government has from time to time introduced austerity measures intended to curtail the overheating of property development and discourage speculation in the residential property market. These

measures include the credit tightening measures discussed in “– Risks Relating to Our Business – We may not have adequate resources to fund land acquisitions or property developments or to service our financing obligations”, “– Risks Relating to Our Business – Our business is subject to extensive governmental regulation and, in particular, we are susceptible to policy changes in the PRC property sector” and the following, among others:

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year must be used for developing low- to medium-cost and small- to medium-size units and low-cost rental properties;
- adopting the “70/90 rule” which requires at least 70% of the total GFA of residential projects approved or constructed on or after June 1, 2006 consist of units with a GFA of less than 90 sq.m. per unit and that projects which have received project approvals prior to this date but have not obtained construction permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;
- stipulating that a purchaser’s down payment for such purchaser’s first property purchase may not be less than 30% of the purchase price regardless of the GFA of the property, and in cities that have lifted restrictions on the purchase of residential property by residents or those that have not imposed such restrictions, such minimum down payment is reduced to 25% in principle which can be further 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%. Since September 2014, the minimum mortgage loan interest rate for first-time home buyers was set at 70% of the benchmark lending interest rate. Where a family that owns a residential property and has paid off its existing mortgage loan applies for a new mortgage loan to buy another residential property to improve living conditions, the bank may apply the aforesaid first-time housing purchase mortgage loan policy. In cities that have lifted housing purchase restrictions on residents or those that have not imposed such restrictions, when a family that owns two residential properties or more and has paid off all the existing mortgage loans applies for a new mortgage loan to buy another residential property, the bank is required to assess the credit profile of the borrower, taking into consideration the solvency, credit standing of the borrower and other factors, and decide the down payment ratio and loan interest rate. In view of the local urbanization plan, banks may provide mortgage loans to non-local residents that meet the conditions required by the related policies. Furthermore, since September 2016, certain local governments, including without limitation those of Beijing, Shanghai, Xiamen, Fuzhou, Hefei, Tianjin, Nanjing, Suzhou, Wuhan, Jurong, Foshan, Yangzhou and Hangzhou, issued new property market control policies, including restoring or strengthening the restriction on purchases of residential properties and tightening credit policy. On August 25, 2019, PBOC issued the Announcement of the People’s Bank of China No.16 [2019] under which, starting from October 8, 2019, new commercial individual housing loans should be priced by adding basis points to the latest monthly loan prime rate (LPR) of corresponding maturity. The basis points added should conform to the national and local housing credit policy requirements, reflect the loan risk profile, and remain fixed during the contract period. The interest rate of first-time commercial individual housing loans should not be lower than the LPR of corresponding maturity, and the interest rate of second-time commercial individual housing loans not be lower than the LPR of corresponding maturity plus 60 basis points.

- for a commercial property buyer, (i) requiring banks not to finance any purchase of pre-sold properties, (ii) increasing the minimum amount of down payment to 50% of the purchase price of the underlying property, (iii) increasing the minimum mortgage loan interest rate to 110% the relevant benchmark lending interest rate, and (iv) limiting the terms of such bank loans to no more than 10 years, although commercial banks are allowed flexibility based on their risk assessment;
- for a buyer of commercial/residential dual-purpose properties, increasing the minimum amount of down payment to 45% of the purchase price of the underlying property, with the other terms similar to those for commercial properties;
- from March 31, 2015, business tax will be levied on the entire sales proceeds from the re-sale of residential properties if the holding period is shorter than two years. For a transfer of a non-ordinary residential property made more than two years after its last transfer, business tax will be levied calculated based on the difference between the transfer price and the original price, and for the transfer of an ordinary residential property made more than two years after its last transfer, business tax will be exempted. From February 22, 2016, the rate of deed tax payable for real estate transactions has been adjusted downwards such that for an individual purchasing the sole residential property for his/her household, the rate of deed tax has been adjusted downward to 1% for a property of 90 sq.m. or less and to 1.5% for a property of more than 90 sq.m. In cities other than Beijing, Shanghai, Guangzhou and Shenzhen, for an individual purchasing a second residential property for his/her household for the improvement of living conditions, the rate of deed tax has been reduced to 1% for a property of 90 sq.m. or less and to 2% for a property of more than 90 sq.m., and business tax on the transfer of residential property will be exempted if the holding period is over two years regardless of whether the nature of such property is an ordinary residential property or not;
- revoking certain preferential individual income tax treatment to purchasers who sell their residential property and purchase another residential property within one year of the sale;
- imposing a ban on onward transfer of uncompleted properties;
- limiting the monthly mortgage payment to 50% of an individual borrower's monthly income and limiting all monthly debt service payments of an individual borrower to 55% of his or her monthly income;
- imposing an idle land fee for land which has not been developed for one year starting from the commencement date stipulated in the land grant contract and cancellation of the land use right for land being idle for two years or more;
- requiring banks not to provide loans for the development of new commercial property projects to any developers who hold idle land or speculate in land;
- imposing sanctions or even revoking business qualifications of developers who are hoarding properties for speculation or in order to drive up properties prices;
- revoking the approvals for projects not in compliance with the planning permits;
- banning land grants for villa construction and restricting the provision of land for high-end residential property construction;

- forbidding PRC commercial banks from granting loans to a property developer if, (i) for supportive residential development projects or common residential development projects, the property developer's available internal funds are less than 20% of the total estimated capital required, or (ii) for other development projects, the property developer's available internal funds are less than 30% of the total estimated capital required;
- requiring any first-time home owner using housing reserves (住房公積金) to pay the minimum amount of down-payment at 20% of the purchase price of the underlying property, and requiring a minimum down payment of at least 20% of the purchase price for the acquisition of another new residential property using housing reserves to improve living conditions where the purchaser owns a residential property and has paid off its existing mortgage loan;
- limiting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- imposing more restrictions on the types of property developments that foreign investments may engage in; and
- restricting foreign investment in the property sector by, among other things, tightening foreign exchange control and imposing restrictions on purchases of properties in China by foreign persons.

The PRC government's restrictive regulations and measures to curtail the overheating of the property sector could increase our operating costs in adapting to these regulations and measures, limit our access to capital resources or even restrict our business operations. We cannot be certain that the PRC government will not issue additional and more stringent regulations or measures, which could further slow down property development in China and adversely affect our business, financial condition, results of operations and prospects.

The property market in the PRC is at an early stage of development and is volatile.

The property market in the PRC is still at an early stage of development, and social, political, economic, legal and other factors may affect its development. For example, the lack of a mature and active secondary market for private properties and the limited amount of mortgage loans available to individuals in the PRC have been cited as factors which may inhibit demand for residential properties. We are, and expect to continue to be, dependent upon the growth of the urban middle and upper-middle classes in China. A significant downturn in the PRC economy could adversely affect such demand, as well as the demand by corporations and other institutional entities for our commercial properties.

The PRC property market is volatile and may experience undersupply or oversupply and property price fluctuations. The central and local governments frequently adjust monetary and other economic policies to prevent and curtail the overheating of the PRC and local economies, and such economic adjustments may affect the property market in China. We cannot assure you that there will not be overdevelopment in the property sector in China in the future. Any future overdevelopment in the property sector in China may result in an oversupply of properties and a decrease in property prices, as well as an undersupply of available sites for future development and an increase in the cost of acquiring land in our markets, which could materially and adversely affect our business, financial condition and results of operations.

The relevant PRC tax authorities may enforce the payment of LAT and may challenge the basis on which we calculate our LAT obligations.

According to 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》) 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 “LAT Implementation Rules”), all income from the sale or transfer of state-owned land use rights, buildings and their ancillary facilities in the PRC is subject to the LAT, at progressive rates ranging from 30% to 60% of the appreciation value as defined by the relevant tax laws. Certain exemptions are available for the sale of ordinary residential properties (普通標準住房) if the appreciation does not exceed 20% of the total deductible items as defined in the relevant tax laws and regulations. Sales of high-end apartments, villas and holiday villas are not eligible for such exemption. On May 12, 2009, the SAT issued the Administrative Rules on the Settlement of Land Appreciation Tax (《土地增值稅清算管理規程》) effective as of June 1, 2009, which further clarifies the specific conditions and procedures for settlement of the LAT. On May 19, 2010, the SAT issued the Circular on Issuers Concerning Settlement of Land Appreciation Tax (《關於土地增值稅清算有關問題的通知》) to strengthen the settlement of LAT. The circular clarifies certain issues with respect to calculation and settlement of the land appreciation tax, such as (i) the recognition of the revenue upon the settlement of LAT, and (ii) the deduction of fees incurred in connection with the property development. On May 25, 2010, the SAT issued the Notice on Strengthening the Collection Land Appreciation Tax, which requires that the minimum LAT prepayment rate shall be 2% for provinces in the eastern region, 1.5% for provinces in the central and northeastern regions, and 1% for provinces in the western region. According to the notice, the local tax bureaus shall determine the applicable LAT prepayment rates based on the types of the properties.

We have estimated and made provisions for the full amount of applicable LAT in accordance with the requirements set forth in the relevant PRC tax laws and regulations. For the years ended December 31, 2017, 2018 and 2019, we made a net provision for LAT in the amount of RMB1,634.4 million, RMB1,438.5 million and RMB1,342.7 million, respectively. It is not certain as to when the PRC tax authorities will collect the amount of LAT in full. In the event that the LAT we have provided for is actually collected in full by the PRC tax authorities, our cash flow and financial position will be affected. Furthermore, in the event that LAT eventually collected by the PRC tax authorities exceeds the amount we have provided for, our net profits after tax will be adversely affected.

We face intense competition from other real estate developers.

In recent years, a large number of property developers have begun to undertake property development and investment projects in China. In addition, a number of international developers have expanded their operations into China, including a number of leading Hong Kong and Singapore real estate development and investment groups. Many of these developers, both private and state-owned, have greater financial, managerial, marketing and other resources than we do, as well as more experience in property and land development. Competition between property developers is intense and may result in, among other things, increased costs for the acquisition of land for development, excessive supply of properties in certain parts of China, a decrease in property prices, a slowdown in the rate at which new property developments will be approved and/or reviewed by the relevant government authorities, an increase in construction costs and difficulty in obtaining high quality contractors and qualified employees. Any such effect may adversely affect our business, results of operations and financial position. In addition, the real estate market in China is rapidly changing. If we cannot respond to changes in market conditions more swiftly or effectively than our competitors do, our business, financial condition and results of operations will be adversely affected. Please see “Business – Competition” for more details.

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

Property developers are typically required to deliver to purchasers the relevant individual property ownership certificates within 90 days after delivery of the property or within a time frame set out in the relevant sale and purchase agreement. Property developers, including us, generally elect to specify the deadline for the delivery of the individual property ownership certificates in the 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 and construction permits, to the local bureau of land resources and housing administration within 30 days after the receipt of the completion and acceptance certificate for the relevant properties and to apply for the general property ownership certificate in respect of these properties. We are then required to submit within regulated periods or a time set out in the relevant sale and purchase agreement after delivery of the properties the relevant property sale and purchase agreements, identification documents of the purchasers, and proof of payment of deed tax, together with the general property ownership certificate, for the bureau'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. We may become liable for monetary penalties to purchasers for late delivery of the individual property ownership certificates due to delays in the administrative approval processes or for any other reason beyond our control.

During the three-year period ended December 31, 2019, we did not miss any deadlines for delivering individual property ownership certificates. However, we cannot assure you that we will be able to timely deliver all property ownership certificates in the future or that we will not be subject to any liabilities as a result of any late deliveries of property ownership certificates.

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

Because investment properties in general are relatively illiquid compared to other types of investments such as securities, 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 many factors, such as general economic conditions, the availability of mortgage financing, interest rates and other factors, including supply and demand, that 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. Should we decide to sell a property subject to a management agreement or tenancy agreement, we may have to obtain consent from or pay termination fees to our hotel management partners or our tenants.

In addition, investment properties may not be readily convertible to alternative uses if they become unprofitable due to competition, age, decreased demand or other factors. The conversion of investment properties to alternative uses would generally require substantial capital expenditures. In particular, we may be required to expend funds to maintain properties, to correct defects, or to make improvements before a property can be sold. We cannot assure you that we will have funds available for maintenance, to correct defects, or to make improvements. These factors and any others that would impede our ability to respond to adverse changes in the performance of our investment properties could adversely affect our ability to retain tenants and to compete against our competitors and therefore could materially and adversely affect our business, financial condition and results of operations.

We may be required to bear resettlement costs associated with our property developments.

The land parcels we acquire in the future for development may have existing buildings or other structures or be occupied by third parties. On January 21, 2011, the State Council promulgated the Regulation on Expropriation and Compensation Related to Buildings on State-owned Land (《國有土地上房屋徵收與補償條例》) (the “Expropriation and Compensation Regulation”). The Expropriation and Compensation Regulation provides that, among other things: (i) buildings can be expropriated under certain circumstances for public interests, and governmental authorities are responsible for resettlement activities; real estate developers are prohibited from engaging in demolition and relocation operations; (ii) compensation should be paid before the resettlement; (iii) compensation to owners of properties to be demolished cannot be less than the market value of similar properties at the time of expropriation. The market value of properties should be determined by qualified real estate appraisal institutions in accordance with appraisal rules related to property expropriation. Any owner who does not agree with the appraised market value of the property may apply to the real estate appraisal institution for re-appraisal, and (iv) neither violence nor coercion may be used to force homeowners to leave sites, nor can certain measures, such as illegally cutting water and power supplies, be used in relocation operations. If the local government fail to reach an agreement regarding compensation with the owners or residents of the buildings subject to demolition, any party may apply to the relevant housing resettlement authorities for a ruling on the amount of compensation, which may delay the timetable of our projects. Such delays to our development projects will lead to an increase in the cost and a delay in the expected cash inflow resulting from pre-sales of the relevant projects, which may in turn materially and adversely affect our business, results of operations and financial condition.

We may be required to forfeit land to the PRC government if we fail to comply with the terms of our land grant contracts.

Under PRC laws and regulations, if a property developer fails to develop land according to the terms of the land grant contract (including those relating to payment of fees, designated use of land, time for commencement and completion of the developments of the land), the relevant government authorities may issue a warning to, or impose a penalty on, the developer or require the developer to forfeit the land. Specifically, under current PRC laws and regulations, if we fail to commence development for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice on us and impose an idle land fee on the land of up to 20% of the land premium. If we fail to commence development for more than two years from the commencement date stipulated in the land grant contract, the land is subject to forfeiture to the PRC government unless the delay in development is caused by government actions or force majeure. In the Notice on Promoting the Saving and Intensification of Use of Land (《國務院關於促進節約集約用地的通知》) promulgated by the State Council on January 3, 2008, this policy was reinforced. This notice states, among other things, that the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. 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 reiterates the current rules on idle land. For Yuzhou Wyndham Grand Plaza Royale Hotel, Yuzhou Prince Lakeshire, Yuzhou Xiang'an Project, Yuzhou Yangzhou Honor Promenade, certain parcels of Yuzhou Jinling Langham Project, Yuzhou Art Wonderland, Yuzhou Huizhou Dongrun Project, Yuzhou Zhangzhou Zhangpu Project, Yuzhou City Plaza, Shenyang Sujiatun Project and Yuzhou Jinshan Project, we did not commence development within the time period stipulated in the relevant land grant contracts or as required by relevant PRC laws. There have also been instances where we did not complete the development of certain of our property projects within the time period stipulated in the relevant land grant contracts. As of the date of this offering memorandum, we have not received any warning from the relevant government authorities. However, we cannot assure you that the government authorities will not issue warning notices, impose idle land fees or even forfeit the parcels of land

with respect to these projects. Furthermore, we cannot assure you that circumstances leading to forfeiture of land or delays in the completion of a property development may not arise in the future. If we are required to forfeit land, pay idle land fees, or pay appreciation land premium, we do not expect to be able to continue our property development on the forfeited land or recover the costs incurred for the initial acquisition of the land or recover development costs and other costs incurred, and our business, financial condition and results of operations may be materially and adversely affected.

Potential liability for environmental problems could result in substantial costs.

We are subject to a variety of laws and regulations concerning the protection of health and the environment. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Environmental laws can prohibit or severely restrict activity in environmentally-sensitive regions or areas. Compliance with environmental laws and conditions, and any change thereof, may result in delays, may cause us to incur substantial compliance and other costs and can prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

As required by PRC law, each project we develop is required to undergo environmental assessments and an environmental impact assessment document is required to be 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 amounting to 1%-5% of the total investment amount for a project that has not received the approval of the environmental impact assessment documents before construction commenced. We are in the process of applying for approvals of the environmental impact assessment documents for certain of our projects under construction. After construction of a project has been completed, the project company should conduct an environmental protection inspection of the completed project, formulate an environmental protection inspection report, disclose the report to the public and submit the relevant data and information through the online platform of environmental protection inspection on completion of construction projects. We cannot assure you that the environmental investigations on our projects conducted to date have revealed all environmental liabilities, or that there are no material environmental liabilities of which we are unaware. Please see "Business – Environmental Matters" for more details.

Risks Relating to Business Operations in the PRC

Substantially all of our assets are located in China, and substantially all of our revenue is derived from our operations in China. Accordingly, our business, financial condition, results of operations and prospects are subject to the risks of future economic, political and legal developments in China.

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:

- its structure;
- the level of government involvement;
- the level of development;
- its growth rate;

- government policies relating to foreign exchange; and
- the allocation of resources.

While the PRC economy has grown significantly in the past 20 years, growth has been uneven, both geographically and among the different 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 condition and results of operations may be adversely affected by the PRC government's control over capital investments 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 two decades the PRC government has implemented economic reform measures emphasizing utilization of market forces in the development of the PRC economy. Although we believe these reforms will have a positive effect on our overall and long-term development, we cannot predict whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, financial condition or results of operations.

Interpretation of PRC laws and regulations involves uncertainty.

Our core business is conducted within China and is governed by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be used as a reference. 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, including laws relating to property ownership and development. However, due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases and the non-binding nature of prior court decisions, interpretation of PRC laws and regulations involves a degree of uncertainty. Some of these laws may be changed without being immediately published or may be amended with retroactive effect. Depending on the government agency or how an application or case is presented to such agency, we may receive less favorable interpretations of laws and regulations than our competitors, particularly if a competitor has long been established in the locality of, and has developed a relationship with, such agency. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. All these uncertainties may cause difficulties in the enforcement of our land use rights, entitlements under its permits, and other statutory and contractual rights and interests.

For example, on September 14, 2015, the NDRC issued the “Circular on Promoting the Reform of the Filing and Registration System on the Issuance by Enterprises of Foreign Debt” (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), or the “NDRC Circular” which came into effect on the same day. According to the NDRC Circular, enterprises domiciled within the PRC and their overseas subsidiaries or branches should file and register with the NDRC prior to issuance of foreign debt instruments and report relevant information on the issuance of the foreign debt instruments to the NDRC within ten business days in the PRC after the completion of each issuance. Pursuant to the NDRC Circular, in the case of any significant discrepancy between the circumstances of the enterprises' issuance of foreign debt and the recordation and registration information, an explanation shall be made when information is submitted. The NDRC will include the bad credit records of enterprises that maliciously submit files reports on the quota of foreign debts subject to recordation and registration in the national credit information platform. In practice, enterprises incorporated outside of the PRC and controlled by individuals (other than those controlled by PRC enterprises as expressly provided in the NDRC Circular) also have been required by the NDRC to comply with the NDRC Circular. Additionally, given the involvement of different enforcement bodies of the relevant rules

and regulations and the non-binding nature of prior court decisions and administrative rulings, the interpretation and enforcement of PRC laws and regulations involve significant uncertainties under the current legal environment. Further, the NDRC may also make oral amendments or modifications to the requirements of, and certificates or approvals issued under, the NDRC Circular on a case by case basis. All these uncertainties may limit the legal protections available to foreign investors including you.

We may be treated as a PRC resident enterprise for PRC tax purposes, which may subject us to PRC income taxes on our worldwide income and PRC withholding taxes on interest we pay on the Notes.

Under PRC tax laws effective prior to January 1, 2008, dividends, interest and other amounts paid to foreign investors by foreign-invested enterprises, such as amounts paid to us by our operating subsidiaries in China, were exempt from PRC withholding tax. Under the new PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) or the EIT Law, effective from January 1, 2008, and its implementation rules, enterprises established outside the PRC whose “de facto management bodies” are located in China are considered “resident enterprises” for PRC tax purposes. The implementation rules define the term “de facto management body” as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. In April 2009, the SAT specified certain criteria for the determination of the “de facto management bodies” for foreign enterprises that are controlled by PRC enterprises. However, there have been no official implementation rules regarding the determination of the “de facto management bodies” for foreign enterprises that are not controlled by PRC enterprises (including companies like ourselves).

We hold our shareholders’ meetings and board meetings outside China and keep our shareholders’ list outside China. However, most of our directors and senior management are currently based inside China and we keep our books of account inside China. The above elements may be relevant for the tax authorities in determining whether we are PRC resident enterprises for tax purposes. However, there is no clear standard published by the tax authorities for making such determination.

Although it is unclear under PRC tax law whether we have a “de facto management body” located in China for PRC tax purposes, we take the position that we are not a PRC resident enterprise for tax purposes. We cannot assure you that the tax authorities will agree with our position. If we are deemed to be a PRC resident enterprise for EIT purposes, we would be subject to the PRC enterprise income tax at the rate of 25% on our worldwide income. Furthermore, we would be obligated to withhold PRC income tax of up to 7%, subject to approval by the relevant tax authorities, on payments of interest and certain other amounts on the Notes to investors that are non-resident enterprises located in Hong Kong or 10% on payments of interest and other amounts on the Notes to investors that are non-resident enterprises located outside Hong Kong (or we may be required to withhold 20% in the case of payments to individuals), because the interest and other amounts would be regarded as being derived from sources within the PRC. In addition, if we fail to do so, we may be subject to fines and other penalties. Similarly, any gain realized by such non-resident enterprise investor from the transfer of the Notes would be regarded as being derived from sources within the PRC and accordingly would be subject to up to 10% of PRC withholding tax (or 20% in the case of individuals).

PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may adversely affect our business operations.

In October 2005, SAFE issued the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) (“Circular No. 75”). In July 2014, Circular No. 75 was abolished by SAFE and was superseded by the Notice Regarding Certain Administrative Measures on Offshore Investing and Financing and Round-trip Investment

by PRC Residents through 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》)(“Circular No. 37”). Circular No. 37 and other SAFE rules require PRC residents, including both legal and natural persons, to register with the banks before making capital contribution to any company outside of China (an “offshore SPV”) with onshore or offshore assets and equities interests legally owned by PRC residents. In addition, any PRC individual resident who is the shareholder of an offshore SPV is required to update its registration with the banks with respect to that offshore SPV in connection with change of basic information of the offshore SPV such as its company name, business term, the shareholding by PRC individual resident, merger, division and with respect to the PRC individual resident in case of any increase or decrease of capital in the offshore SPV, transfer of shares or swap of shares by the PRC individual resident. Failure to comply with the required registration and updating requirements described above may result in restrictions being imposed on the foreign exchange activities of the PRC subsidiaries of such offshore SPV, including increasing the registered capital of, payment of dividends and other distributions to, and receiving capital injections from the offshore SPV. Failure to comply with Circular No. 37 may also subject the relevant PRC residents or the PRC subsidiaries of such offshore SPV to penalties under PRC foreign exchange administration regulations for evasion of applicable foreign exchange restrictions. Our directors and our PRC legal advisor believe, based on our inquiries with the Xiamen Branch of the SAFE, our controlling shareholders are not required to register with the Xiamen Branch of the SAFE under Circular No. 37. However, if the relevant SAFE authority subsequently determines that our controlling shareholders are required to effect the registration procedures under Circular No. 37 or any of its new interpretations, clarifications, or its new implement rules and otherwise requires our controlling shareholders to register, and if our controlling shareholders fail to comply with, or fail to comply in a timely manner with, such requirements, our controlling shareholders may be subject to fines and legal sanctions and our business operations may be adversely affected.

The national and regional economies in the PRC may be adversely affected by natural disasters, acts of God, outbreaks of epidemics, acts of war and other disasters, which in turn affect our prospects.

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics such as the human swine flu, also known as Influenza A (H1N1), Influenza A (H5N1), Influenza A (H7N9), severe acute respiratory syndrome (“SARS”) or, most recently, coronavirus disease 2019 (“COVID-19”), 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, sandstorm, snowstorm, 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.

As of the date of this offering memorandum, more than 80,000 cases of COVID-19 have been confirmed in the PRC and more than 18 million cases of COVID-19 have been confirmed worldwide. Several locations in the PRC where we have significant land bank and operations, such as Fujian Province, Guangdong Province, Hubei Province, Jiangsu Province, Liaoning Province, Zhejiang Province, Beijing, Chongqing, Hong Kong, Shanghai and Tianjin, had imposed travel restrictions in an effort to curb the spread of the highly infectious COVID-19. As a result, sales offices and construction of our projects were temporarily shut down. Moreover, supply of our raw materials and productivity of our employees were adversely affected. The suspension of construction and sales activities of our projects may in turn result in substantial increase in our development costs, late delivery of properties and/or otherwise adversely affect our profitability and cash flows. Further, our customers may face financial difficulties, which may in turn result in a reduction in demand for our properties. Customers who have previously entered into contracts to purchase properties may also default on their purchase contracts if the economic situation further deteriorates as a result of the epidemic. In addition, the COVID-19 outbreak poses risks to the wellbeing of our employees and the safety of our workplace, which may materially and adversely affect our business operation. Given the high uncertainties associated with the

COVID-19 epidemic at the moment, it is difficult to predict how long these conditions will last and the extent to which we may be affected. Should the disruption to our operations continue, it may materially and adversely affect our results of operations and financial condition and may also cause reputation damage. Moreover, global capital markets have experienced and may continue to experience negative investor sentiment, significant volatility and liquidity disruptions. This may adversely affect our ability to access capital markets for funding, which may in turn have a negative effect on our liquidity. The outbreak of COVID-19 epidemic also caused the delay in resumption of local business in the PRC after the Chinese New Year holiday. In addition, as the outbreak extended globally, several countries have introduced new restrictions on travel, including restrictions on travel to and from the PRC. The COVID-19 epidemic has created and may further create negative economic impact globally. It increased volatility in the PRC and global market and may continue to cause increasing concerns over the prospects of the PRC residential property market, which may materially and adversely affect the demand for properties and property prices in the PRC. Since June 2020, the PRC and some other countries gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes. However, given the uncertainties as to the development of the outbreak at the moment, it is 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.

Our results of operations could be adversely affected to the extent that COVID-19 or any other epidemic harms the Chinese economy in general. We may also experience impacts to certain of our contractors and/or suppliers as a result of a health epidemic or other outbreaks occurring in one or more of the locations that we operate, which may materially and adversely affect our business, financial condition and results of operations. In particular, any recurrent or future outbreaks of SARS, COVID-19, swine flu, avian flu or other similar public health crisis may, among other things, significantly disrupt our business, including limiting our ability to deliver our properties within the PRC. An outbreak may also severely restrict the level of economic activity in affected areas, which may in turn have a material and adverse effect on our results of operations, financial condition and business. We have not adopted any written preventive measures or contingency plans to combat any future outbreak of swine flu, avian flu, SARS, COVID-19 or any other epidemic. Our operations may experience disruptions, such as temporary closure of our offices and/or those of our contractors or suppliers and suspension of services, which may materially and adversely affect our business, financial condition and results of operations.

Acts of war and terrorist attacks may cause damage or disruption to us, our employees and our markets, any of which could materially impact our sales, cost of sales, overall results of operations and financial condition. The potential for war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that currently we cannot predict.

Risks Relating to the Notes

The Notes are subject to optional redemption by the Company.

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Company may elect to redeem Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Company may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

In certain circumstances, including without limitation giving of notice to the Issuer and taking enforcement steps pursuant to terms of the Notes, the Trustee may, at its sole discretion, request the holders of the Notes to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of the holders of the Notes. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the trust deed or the terms of the Notes and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such actions directly.

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. Our primary assets are ownership interests in our PRC subsidiaries, which are held through the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and certain Non-Guarantor Subsidiaries incorporated outside China. 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 JV Subsidiary Guarantees (as the case may be) will depend upon our receipt of distributions of dividends principally from our PRC subsidiaries.

Creditors, including trade creditors of our PRC subsidiaries and any holders of preferred shares in such entities, would have a claim on our PRC subsidiaries' assets that would be prior to the claims of the holders of the Notes. As a result, our payment obligations under the Notes will be effectively subordinated to all existing and future obligations of our PRC subsidiaries (including obligations of our PRC subsidiaries under guarantees issued in connection with our business), and all claims of creditors of our PRC subsidiaries, will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. As of December 31, 2019, our PRC subsidiaries had unsubordinated indebtedness (including bank and other loans and corporate bonds) in the amount of RMB21,245.2 million (US\$3,051.7 million) and had provided guarantees of approximately RMB29,386.0 million (US\$4,221.0 million) to PRC banks in respect of the mortgage loans provided by the banks to purchasers of our developed properties and to banks and other lenders in connection with facilities granted to joint ventures and associates. In addition, our secured creditors would have priority as to our assets securing the related obligations over claims of holders of the Notes.

We have substantial indebtedness, including that under the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2017 Dual Tranche Term Facility, the 2024 Notes, the 2019 Term Loan Facility, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes and the 2021 III Notes and may incur substantial additional indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations.

We now have, and will continue to have after the offering of the Notes, a substantial amount of indebtedness. Our total bank and other loans, including both current and non-current bank and other loans, corporate bonds and senior notes, as of December 31, 2017, 2018 and 2019, were approximately RMB27,567.5 million, RMB43,631.9 million and RMB55,668.5 million, respectively.

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

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

In the future, we may from time to time incur substantial additional indebtedness and contingent liabilities. Although the indenture governing the Notes, the indenture for the 2022 Notes, the indenture for the 2023 Notes, the indenture for the 2021 Notes, the indenture for the 2021 II Notes, the indenture for the 2022 II Notes, the indenture for the 2023 II Notes, the agreement governing the 2017 Dual Tranche Term Facility, the indenture for the 2024 Notes, the agreement governing the 2019 Term Loan Facility, the indenture for the 2024 II Notes, the indenture for the 2025 Notes, the indenture for the 2026 Notes, the indenture for the 2025 II Notes, the indenture for the 2021 III Notes and other financing agreements restrict us and our Restricted Subsidiaries from incurring additional debt and contingent liabilities, these restrictions are subject to important exceptions and qualifications. If we or our subsidiaries incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify.

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

In addition, the terms of the indentures governing the Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes and the 2023 II Notes, the agreement governing the 2017 Dual Tranche Term Facility, and the indentures governing the 2024 Notes, the agreement governing the 2019 Term Loan Facility, the indenture governing the 2024 II Notes, the indenture governing the 2025 Notes, the indenture governing the 2026 Notes, the indenture governing the 2025 II Notes, the indenture governing the 2021 III Notes and other financing agreements prohibit us from incurring additional indebtedness unless (i) we are able to satisfy certain financial ratios or (ii) we are able to incur such additional indebtedness pursuant to any of the exceptions to the financial ratios requirements, and meet any other applicable restrictions. Our ability to meet our financial ratios may be affected by events beyond our control. We cannot assure you that we will be able to meet these ratios. Certain of our financing arrangements also impose operating and financial restrictions on our business. This in turn may impact our ability to raise funds through equity financing. See “Description of Other Material Indebtedness.” Such restrictions in the Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2017 Dual Tranche Term Facility, the 2024 Notes, the 2019 Term Loan Facility, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes, the 2021 III Notes and our other financing arrangements may negatively affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund needed capital expenditures, or withstand a continuing or future downturn in our business. Any of these factors could materially and adversely affect our ability to satisfy our obligations under the Notes and our other debt.

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

As a holding company, we depend, 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 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2017 Dual Tranche Term Facility, the 2024 Notes, the 2019 Term Loan Facility, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes, the 2021 III Notes and the Notes. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, restrictions contained in the debt instruments of such subsidiaries and applicable laws. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2017 Dual Tranche Term Facility, the 2024 Notes, the 2019 Term Loan Facility, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes, the 2021 III Notes and the Notes and the ability of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) to satisfy their obligations under the Subsidiary Guarantees or JV Subsidiary Guarantees, as the case may be.

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 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2017 Dual Tranche Term Facility, the 2024 Notes, the 2019 Term Loan Facility, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes, the 2021 III Notes, or the Notes.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with HKFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain 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 or obligations under the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be, 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. The interest rates on shareholders' loans paid by our subsidiaries, therefore, are likely to be lower than the interest rate for the Notes. Our PRC subsidiaries are also required to pay a 10% 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 evidence of payment of the 10% withholding tax 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. On April 28, 2013, SAFE issued a Notice Regarding Promulgation of Administrative Measures on Foreign Debt Registration, which became effective on May 13, 2013. Operating Guidelines for Foreign Debt Registration Administration, one of the three appendices in the notice, stipulates that SAFE would not process any foreign debt registration or settlement of foreign exchange for foreign debt for foreign-invested enterprises in the real estate sector that was approved by the local office of the MOFCOM and filed with MOFCOM after June 1, 2007. Foreign-invested enterprises include joint ventures and wholly foreign-owned enterprises established in China, such as some of our PRC subsidiaries. Therefore, under the existing PRC regulations, our foreign-owned PRC subsidiaries in the real estate sector are subject to the restrictions as imposed by the aforesaid foreign debt registration rules regarding making payments on offshore loans, including offshore shareholders' loans.

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

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

The Notes are denominated in U.S. dollars, while substantially all of our revenues are generated by our PRC operating subsidiaries and are denominated in Renminbi. Pursuant to reforms of the exchange rate system announced by the PBOC on July 21, 2005, RMB-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. There remains significant international pressure on the PRC government to adopt a more flexible currency policy. On June 20, 2010, the PBOC announced its intention to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar or other foreign currency. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 28.8% from July 21, 2005 to December 31, 2011, according to rates published by Bloomberg. These changes in currency policy resulted in Renminbi appreciating against the U.S. dollar and the H.K. dollar from 2005 to 2013. In August 2015, the Renminbi experienced a substantial devaluation as a result of adjustments made by the People's Bank of China to the reference Renminbi to U.S. dollar exchange rate. The Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the medium to long term. Moreover, it is possible that in the future, PRC authorities may lift restrictions on fluctuations in Renminbi exchange rates and lessen intervention in the foreign exchange market.

The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of the Renminbi against the U.S. dollar, our financial condition and results of operations could be adversely affected because of our substantial U.S. dollar-denominated indebtedness and other obligations. Such a devaluation could also adversely affect the value, translated or converted to U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the Notes.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. To date, we have not entered into any hedging transactions to reduce our exposure to such risks. 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 such agreements, and the amount of collateral required may increase as a result of market-to-market adjustments. The Initial Purchasers and its 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. If we were unable to provide such collateral, it could constitute a default under such agreements.

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

We must offer to purchase the Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2024 Notes, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes and the 2021 III Notes upon the occurrence of a Change of Control Triggering Event, in each case, at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest. See “Description of the Notes.”

The source of funds for any such purchase would be our available cash or third-party financing. However, we may not have enough available funds at the time of the occurrence of any Change of Control or Change of Control Triggering Event to make purchases of outstanding Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2024 Notes, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes and the 2021 III Notes. Our failure to make the offer to purchase or purchase the outstanding Notes and the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2024 Notes, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes and the 2021 III Notes would constitute an event of default under the Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2024 Notes, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes and the 2021 III 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, 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, 2022 II Notes, the 2023 II Notes, the 2024 Notes, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes and the 2021 III Notes and repay the debt.

In addition, the definition of Change of Control or Change of Control Triggering Event for purposes of the indenture governing the Notes does not necessarily afford protection for the holders of the Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations, although these types of transactions could increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of Change of Control or Change of Control Triggering Event for purposes of the indenture governing the Notes also includes a phrase relating to the sale of “all or substantially all” of our assets. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition under applicable law. Accordingly, our

obligation to make an offer to purchase the Notes, and the ability of a holder of the Notes to require us to purchase its Notes pursuant to the offer as a result of a highly-leveraged transaction or a sale of less than all of our assets may be uncertain.

There may be difficulties in enforcing United States judgments against us and our management.

We are incorporated in the Cayman Islands. All of our directors and management (and certain of the other parties named in this offering memorandum) reside outside the United States, and all of our assets are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process upon us or such persons within the United States or other jurisdictions, or to enforce against us or such persons in such jurisdiction, judgments obtained in courts of that jurisdiction, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. In particular, you should be aware that there is uncertainty as to whether judgments of United States courts based upon the civil liability provisions of the federal securities laws of the United States will be enforceable in the courts of the Cayman Islands and whether the Cayman Islands courts will enter judgments in original actions brought in Cayman Islands courts based solely upon the civil liability provisions of the federal securities laws of the United States.

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

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

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

We may be unable to obtain and remit foreign exchange.

Our ability to satisfy our obligations under the Notes depends solely upon the ability of our subsidiaries in the PRC to obtain and remit sufficient foreign currency to pay dividends to us. Our PRC subsidiaries must present certain documents to SAFE, its authorized branch, or the designated foreign exchange bank, for approval before they can obtain and remit foreign currencies out of the PRC including evidence that the relevant PRC taxes have been paid. If any of our PRC subsidiaries for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency, such PRC subsidiary will be unable to pay us dividends, which would adversely affect our ability to satisfy our obligations under the Notes.

Under PRC regulations, we may not be able to transfer to our PRC subsidiaries proceeds from this offering in the form of a loan, which could impair our ability to make timely payments of interest, or even principal, under the Notes.

According to the existing PRC rules and regulations relating to supervision of foreign debt, loans by foreign companies to their subsidiaries in China, such as our PRC subsidiaries established as foreign-invested enterprises in China, are considered foreign debt, and such loans must be registered with the relevant local branches of SAFE. Such rules and regulations also provide that the total outstanding amount of such foreign debt borrowed by any foreign-invested enterprise may not exceed the difference between its total investment and its registered capital, each as approved by the relevant PRC authorities. In addition, in April 2013, SAFE promulgated Operating Guidelines for Foreign Debt Registration Administration, effective on May 13, 2013, indicating that SAFE would not process any foreign debt registration or settlement of foreign exchange for foreign debt for foreign-invested enterprises in the real estate sector that was approved by the local office of MOFCOM and registered with MOFCOM after June 1, 2007. Foreign-invested enterprises include joint ventures and wholly foreign-owned enterprises established in China, such as some of our PRC subsidiaries. Therefore, the proceeds of the current offering may only be transferred to our PRC subsidiaries as equity investments or as loans subject to the restrictions on foreign-invested real estate enterprises as imposed by the foreign debt registration rules. Without having the flexibility to transfer funds to our PRC subsidiaries as loans, we cannot assure you that sufficient dividend payments from our PRC subsidiaries will be available on each interest payment date to pay the interest due and payable under the Notes, or on the maturity date to pay the principal of the outstanding Notes.

If we are unable to comply with the restrictions and covenants in our debt agreements including the indentures governing the Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes and the 2023 II Notes, the agreement governing the 2017 Dual Tranche Term Facility, the indentures governing the 2024 Notes, the agreement governing the 2019 Term Loan Facility and the indentures governing the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes and the 2021 III Notes, there could be a default under the terms of these agreements, which could cause repayment of our debt to be accelerated.

We have been required, from time to time, to seek amendments, waivers and consents in connection with financial and other covenants under our debt facilities. Such amendments, waivers and consents have all been granted by the applicable creditors and such incidents have not caused any material adverse impact to our operations and financial condition. There is no assurance that we will not need to seek amendments, waivers and consents to our debt facilities in the future.

If we are unable to comply with the restrictions and covenants in the indenture governing the Notes, 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 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 indentures governing the Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes and the 2023 II Notes, the agreement governing the 2017 Dual Tranche Term Facility, the indentures governing the 2024 Notes, the agreement governing the 2019 Term Loan Facility and the indentures governing the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes and the 2021 III Notes contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of debt, including the Notes, or result in a default under our other debt agreements, including the indentures governing the Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes and the 2023 II Notes, the agreement governing the 2017 Dual Tranche Term Facility, the indentures governing the 2024 Notes, the agreement governing the 2019 Term Loan Facility and the indentures governing the 2024 II Notes, the 2025

Notes, the 2026 Notes, the 2025 II Notes and the 2021 III Notes. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

Our operations are restricted by the terms of the Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes and the 2023 II Notes, the agreement governing the 2017 Dual Tranche Term Facility, the terms of the 2024 Notes, the agreement governing the 2019 Term Loan Facility and the indentures governing the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes and the 2021 III 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 indentures governing the Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes and the 2023 II Notes, the agreement governing the 2017 Dual Tranche Term Facility, the indentures governing the 2024 Notes, the agreement governing the 2019 Term Loan Facility and the indentures governing the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes and the 2021 III Notes include a number of significant restrictive covenants. These covenants restrict, among other things, our ability, and the ability of our Restricted Subsidiaries, to:

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

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

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

We have developed our Green Bond Framework and intend to adopt certain obligations with respect to the issue of Green Bonds as described in the section headed "Notes Being Issued as Green Bonds." We intend to issue Green Bonds to fund new and existing projects and businesses with environmental benefits in

alignment with the International Capital Market Association Green Bond Principles (the “Green Bond Principles, 2018”). We cannot guarantee that we will be able to comply with the obligations as set out in our Green Bond Framework. However, it will not be an event of default under the terms of the Notes if we fail to comply with such obligations. Such failure may affect the value of the Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets. Therefore, the Notes may not be a suitable investment for all investors seeking exposure to green assets.

We have requested Sustainalytics to issue a SPO (as defined herein) confirming that our Green Bond Framework aligns with the four core components of the Green Bond Principles, 2018 and the ICMA Green Loan Principles (the “Green Loan Principles”). The Green Bond Principles, 2018 are a set of voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond. The SPO dated February 26, 2020 is available at our website. The SPO is not incorporated into and does not form part of this offering circular.

The SPO may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed here and other factors that may affect the value of the Notes. The SPO is not a recommendation to buy, sell or hold securities and the contents of the SPO are only current as of the date on which the SPO was issued. The SPO is also subject to the disclaimers set out therein and is for information purposes only.

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

The Notes are a new issue of securities for which there is currently no trading market. The Issuer will seek a listing of the Notes by way of debt issue to Professional Investors only on the SEHK. 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 Joint Lead Managers 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 Notes have been provisionally assigned a rating of “BB-” by Fitch and “B1” by Moody’s. 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. 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 rating assigned to the Notes may adversely affect the market price of the Notes.

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

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and proposals 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.

In addition, a large portion of the Notes may be held by a limited number of investors. The Initial Purchasers may purchase a portion of the Notes for holding on its own account. The Initial Purchasers and such other investors may not actively trade the Notes, which may result in limited liquidity of the Notes.

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

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

There may be less publicly available information about us than is available for public companies 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 HKFRS, which differs in certain significant respects from US GAAP and the generally accepted accounting principles of other jurisdictions.

Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral

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

We conduct substantially all of our business operations through our PRC subsidiaries, but none of our current PRC subsidiaries and their direct PRC or non-PRC subsidiaries will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee either upon issuance of the Notes or at any time thereafter. No future subsidiaries that are organized under the laws of the PRC or their future PRC or non-PRC subsidiaries will provide a Subsidiary Guarantee or a JV Subsidiary Guarantee at any time in the future. As a result, the Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of the PRC subsidiaries. See the section entitled “Description of the Notes – The Subsidiary Guarantees” for a list of the Non-Guarantor Subsidiaries. Moreover, the Collateral will not include the capital stock of our existing or future Non-Guarantor Subsidiaries, including our PRC subsidiaries.

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

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

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

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

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;
- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;
- was insolvent or rendered insolvent by reason of the incurrence of such guarantee;
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital (in the case of a guarantor incorporated outside the British Virgin Islands only); 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 a case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder were incurred for less than reasonably equivalent value or fair consideration.

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

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

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

The pledge of certain Collateral may in certain circumstances be voidable.

The pledge of the Collateral securing the Notes may be voidable as a preference under insolvency or fraudulent transfer or similar laws of the Cayman Islands and Hong Kong at any time within six months of the perfection of the pledge or, under some circumstances, within a longer period. Pledges of capital stock of future Subsidiary Guarantors may also be voidable as a preference under relevant insolvency or fraudulent transfer or similar laws. In addition, the pledge of certain Collateral may be voided based on the analysis set forth under “The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees” above. If the pledges of the Collateral were to be voided for any reason, holders of the Notes would have only an unsecured claim against us.

The proceeds realizable from the Collateral will likely not be sufficient to satisfy our obligations under the Notes.

The Collateral securing the Notes initially will consist only of the capital stock of our initial Subsidiary Guarantors that are incorporated outside China. The security interests in respect of certain Collateral may be released upon the disposition of such Collateral and any proceeds from such disposition may be applied, prior to repaying any amounts due under the Notes, to repay other debt or to make investments in properties and assets that will not be pledged as additional Collateral.

The ability of the Collateral Trustee, on behalf of the holders of the Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes and the 2023 II Notes, the lenders to the 2017 Dual Tranche Term Facility, the holders of the 2024 Notes, the lenders to the 2019 Term Loan Facility, the holders of the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes and the 2021 III Notes and Permitted Pari Passu Secured Indebtedness (if any), to foreclose on the Collateral upon the occurrence of an event of default or otherwise, will be subject in certain instances to perfection and priority issues. Although procedures will be undertaken to support the validity and enforceability of the security interests, we cannot assure you that the Collateral Trustee or holders of the Notes will be able to enforce the security interest.

The Collateral will be shared on a *pari passu* basis by the holders of the Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes and the 2023 II Notes, the lenders to the 2017 Dual Tranche Term Facility, the holders of the 2024 Notes, the lenders to the 2019 Term Loan Facility, the holders of the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes and the 2021 III Notes and Permitted Pari Passu Secured Indebtedness (if any). Accordingly, in the event of a default on the Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2017 Dual Tranche Term Facility, the 2024 Notes, the 2019 Term Loan Facility, the 2024 II Notes, the 2025 Notes,

the 2026 Notes, the 2025 II Notes and the 2021 III Notes and Permitted Pari Passu Secured Indebtedness (if any) and a foreclosure on the Collateral, any foreclosure proceeds would be shared by the holders of secured indebtedness in proportion to the outstanding amounts of each class of secured indebtedness. The value of the Collateral securing the Notes and the Subsidiary Guarantees of the Subsidiary Guarantor Pledgors is unlikely to be sufficient to satisfy our and each of the Subsidiary Guarantor Pledgors' obligations under the Notes and the Subsidiary Guarantees of the Subsidiary Guarantor Pledgors as well as our obligations under the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Note, the 2017 Dual Tranche Term Facility, the 2024 Notes, the 2019 Term Loan Facility, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes and the 2021 III Notes and the Permitted Pari Passu Secured Indebtedness (if any), and the Collateral securing the Notes and such Subsidiary Guarantee may be reduced or diluted under certain circumstances, including as a result of having to share the Collateral with the holders of the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes and the 2023 II Note, the lenders to the 2017 Dual Tranche Term Facility, the holders of the 2024 Notes, the lenders to the 2019 Term Loan Facility, the holders of the 2024 II Notes, the 2025 Notes, the 2026, the 2025 II Notes and the 2021 III Notes and Permitted Pari Passu Secured Indebtedness, the issuance of Additional Notes and the disposition of assets comprising the Collateral subject to the terms of the Indenture and the Intercreditor Agreement.

The value of the Collateral in the event of a liquidation will depend upon market and economic conditions, the availability of buyers and similar factors. No independent appraisals of any of the Collateral have been prepared by or on behalf of us in connection with this offering of the Notes. Accordingly, we cannot assure you that the proceeds of any sale of the Collateral following an acceleration of the Notes would be sufficient to satisfy, or would not be substantially less than, amounts due and payable on the Notes. By their nature, some or all of the Collateral, in particular, the capital stock of the existing or any future subsidiary, may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in its liquidation.

The pledge of certain Collateral may be released under certain circumstances.

In the event the conditions applicable to the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee are satisfied, we are permitted to release the pledge of the shares granted by such Subsidiary Guarantor, as well as the pledge of the shares granted by the subsidiaries of such Subsidiary Guarantor. We are only required to deliver a replacement share pledge for the shares that we continue to hold in such JV Subsidiary Guarantor (but not the subsidiaries of such JV Subsidiary Guarantor) following the sale of the equity interests in such Subsidiary Guarantor. As a result, in the event we sell minority equity interests in our Subsidiary Guarantors or otherwise create JV Subsidiary Guarantors in accordance with the terms of the Indenture, the Collateral will be reduced in value and scope, and holders of the Notes would be subject to increased risks.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately US\$296 million, after deducting underwriting discounts and other estimated expenses payable in connection with this offering.

We intend to use the net proceeds from this offering 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 such net proceeds in “Temporary Cash Investments” as defined under “Description of the Notes.”

EXCHANGE RATE INFORMATION

PRC

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The 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 Hong Kong dollars and U.S. dollars, has been based on rates set by the 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 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 introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2% against the U.S. dollar. Since then and up to December 31, 2009, the Renminbi has appreciated approximately 21.3% against the U.S. dollar. After the introduction of the managed floating exchange rate system, the PRC government has made and may in the future make further adjustments to the exchange rate system. The PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for the trading against the Renminbi on the following working day. On May 18, 2007, the PBOC enlarged, effective on May 21, 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate. 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.

On June 19, 2010, the PBOC announced that in view of the recent economic situation and financial market developments in China and abroad, and the balance of payments situation in China, it has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. According to the announcement, the exchange rate floating bands will remain the same as previously announced by the PBOC will place more emphasis to reflecting the market supply and demand with reference to a basket of currencies. On April 12, 2012, the PBOC announced that effective on April 16, 2012, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar is enlarged from 0.5% to 1.0% around the central parity rate, which allows the Renminbi to fluctuate against the U.S. dollar by up to 1.0% above or below the central parity rate published by the PBOC. On March 17, 2014, the PBOC announced that effective on the same day, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar would be further increased from 1.0% to 2.0% around the central parity rate, which allows the Renminbi to fluctuate against the U.S. dollar by up to 1.0% above or below the central parity rate published by the PBOC. On August 11, 2015, the PBOC made an announcement to set the daily fixing rate based on how the Renminbi closes in the previous trading session in a move to a more market-determined exchange rate. Since August 11, 2015, the Renminbi has depreciated by more than 7% against the U.S. dollar. The PRC government may make further adjustments to the exchange rate system in the future. On August 5, 2019, the PBOC set the Renminbi's daily reference rate above RMB7.0 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollars as set forth in the H.10 weekly statistical release of the Federal Reserve Board.

Period	Noon Buying Rate			
	Period End	Average ¹	High	Low
		(RMB Per US\$1.00)		
2009	6.8259	6.8295	6.8470	6.8176
2010	6.6000	6.7603	6.8330	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1412	6.2438	6.0537
2014	6.0402	6.1704	6.2591	6.2046
2015	6.1870	6.2869	6.4896	6.4778
2016	6.9430	6.6266	6.9580	6.4738
2017	6.5063	6.7569	6.9575	6.4773
2018	6.8755	6.6090	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020				
January	6.9161	6.9184	6.9749	6.8589
February	6.9906	6.9967	7.0286	6.9650
March	7.0808	7.0205	7.1099	6.9244
April	7.0622	7.0708	7.0989	7.0341
May	7.1348	7.1016	7.1681	7.0622
June	7.0651	7.0816	7.1263	7.0575
July (through July 31, 2020)	6.9744	7.0041	7.0703	6.9744

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

Hong Kong

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

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

The following table sets forth information concerning exchange rates between the Hong Kong dollars and the U.S. dollars as set forth in the H.10 weekly statistical release of the Federal Reserve Board.

Period	Noon Buying Rate			
	Period End	Average ¹	High	Low
	(HK\$ Per US\$1.00)			
2009	7.7536	7.7513	7.7618	7.7495
2010	7.7810	7.7692	7.8040	7.7501
2011	7.7663	7.7841	7.8087	7.7634
2012	7.7507	7.7569	7.7699	7.7439
2013	7.7539	7.7565	7.7654	7.7503
2014	7.7495	7.7554	7.7669	7.7531
2015	7.7495	7.7519	7.7686	7.7507
2016	7.7534	7.7622	7.8270	7.7528
2017	7.8128	7.7926	7.8267	7.7540
2018	7.8305	7.8376	7.8499	7.8043
2019	7.7894	7.8335	7.8499	7.7850
2020				
January	7.7665	7.7725	7.7889	7.7661
February	7.7927	7.7757	7.7951	7.7630
March	7.7513	7.7651	7.7863	7.7511
April	7.7514	7.7512	7.7530	7.7498
May	7.7513	7.7519	7.7561	7.7500
June	7.7501	7.7501	7.7514	7.7498
July (through July 31, 2020)	7.7500	7.7509	7.7538	7.7499

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

CAPITALIZATION

The table below shows our consolidated cash and cash equivalents, current and non-current debt and capitalization as of December 31, 2019, presented:

- on an actual basis; and
- as adjusted to reflect the issuance of the Notes and the receipt of the net proceeds from the issuance of the Notes.

	As of December 31, 2019			
	Actual		As adjusted	
	RMB	US\$ (in thousands)	RMB	US\$
Cash and cash equivalents⁽¹⁾	28,455,729	4,087,410	30,516,422	4,383,410
Debt⁽²⁾:				
Current	15,271,616	2,193,631	15,271,616	2,193,631
Non-current ⁽³⁾	40,396,890	5,802,650	40,396,890	5,802,650
Notes to be issued in this offering	—	—	2,060,693	296,000
Total debt.	55,668,506	7,996,281	57,729,199	8,292,281
Equity:				
Issued capital	447,146	64,229	447,146	64,229
Senior Perpetual Securities	1,911,986	274,640	1,911,986	274,640
Reserves	20,544,015	2,950,963	20,544,015	2,950,963
Equity attributable to owners of the Company	22,903,147	3,289,832	22,903,147	3,289,832
Non-controlling interests	5,824,482	836,634	5,824,482	836,634
Total equity	28,727,629	4,126,466	28,727,629	4,126,466
Total capitalization ⁽⁴⁾	84,396,135	12,122,747	86,456,828	12,418,747

- (1) Excludes restricted cash balance of RMB1,866.1 million (US\$268.1 million) and non-pledged time deposits with original maturity of over three months of RMB5,189.4 million (US\$745.4 million).
- (2) Current debt includes the current portion of non-current debt. Non-current debt excludes the current portion of non-current debt. From January 1, 2020 to July 31, 2020, our total debt increased by approximately RMB6,470.4 million.
- (3) On January 13, 2020, we issued an aggregate principal amount of US\$645,000,000 7.375% Senior Notes due 2026. See “Description of Other Material Indebtedness – 2026 Notes.” On February 20, 2020, we issued an aggregate principal amount of US\$400,000,000 7.7% Senior Notes due 2025. See “Description of Other Material Indebtedness – 2025 II Notes.” On June 12, 2020, we issued an aggregate principal amount of US\$40,000,000 7.5% Senior Notes due 2021. See “Description of Other Material Indebtedness – 2021 III Notes.” In July 2020, we repaid the 2020 Notes and the 2020 II Notes at maturity.
- (4) Total capitalization consists of current and non-current debt plus total equity.

Except as otherwise disclosed above, there has been no other material change in our capitalization since December 31, 2019.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected consolidated statement of profit or loss data for the years ended December 31, 2017, 2018 and 2019 and selected consolidated statement of financial position data as of December 31, 2017, 2018 and 2019 have been derived from our audited consolidated financial statements and related notes included elsewhere in this offering memorandum. You should read the selected consolidated financial data in conjunction with the audited consolidated financial statements and related notes, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this offering memorandum. We have prepared our consolidated financial information in accordance with HKFRS, which differs in certain material respects from US GAAP.⁽¹⁾

	Year Ended December 31,			
	2017	2018	2019	2019
	RMB	RMB	RMB	US\$
	(in thousands)			
Consolidated statement of profit or loss data				
Revenue	21,700,673	24,305,871	23,240,705	3,338,318
Cost of sales	(14,017,619)	(16,838,626)	(17,148,995)	(2,463,299)
Gross profit	7,683,054	7,467,245	6,091,710	875,019
Fair value gains on investment properties, net	380,069	165,831	600,546	86,263
Other income and gains	202,311	497,215	2,167,688	311,369
Selling and distribution expenses	(490,771)	(459,152)	(659,594)	(94,745)
Administrative expenses	(499,882)	(606,179)	(1,090,645)	(156,661)
Other expenses	(292,891)	(54,484)	(310,739)	(44,635)
Finance costs	(708,340)	(223,352)	(360,345)	(51,760)
Share of profits and losses of joint ventures	(64,719)	(74,265)	(63,489)	(9,120)
Share of profits and losses of associates	(18,771)	21,849	229,369	32,947
Profit before tax	6,190,060	6,734,708	6,604,501	948,677
Income tax expense	(3,062,991)	(3,008,605)	(2,637,705)	(378,883)
Profit for the year	<u>3,127,069</u>	<u>3,726,103</u>	<u>3,966,796</u>	<u>569,794</u>
Attributable to:				
Owners of the parent	2,790,047	3,504,940	3,605,776	517,937
Non-controlling interests	<u>337,022</u>	<u>221,163</u>	<u>361,020</u>	<u>51,857</u>
	<u>3,127,069</u>	<u>3,726,103</u>	<u>3,966,796</u>	<u>569,794</u>
Other financial data:				
EBITDA ⁽²⁾	7,535,254	7,875,389	8,269,978	1,187,908
EBITDA margin ⁽³⁾	<u>34.7%</u>	<u>32.4%</u>	<u>35.6%</u>	<u>35.6%</u>

- (1) We adopted the new HKFRS 15 for the year ended December 31, 2018. There is no restatement to the financial information for the year ended December 31, 2017 upon the adoption of the new HKFRS 15. For the impact on the financial information for the year ended December 31, 2018 from the adoption of the new HKFRS 15, please see the sub-section titled “2.2 Changes in accounting policies and disclosures” in our audited financial information for the year ended December 31, 2018 on pages F-209 to F-218 as included elsewhere in this Offering Memorandum for details.

We adopted the new HKFRS 9 since January 1, 2018. There is no restatement to the financial information for the year ended December 31, 2017 upon the adoption of the new HKFRS 9. For the impact on the financial information for the years ended December 31, 2018 from the adoption of the new HKFRS 9, please see the sub-section titled “2.2 Changes in accounting policies and disclosures” in our audited financial information for the year ended December 31, 2018 on pages F-209 to F-218 as included elsewhere in this Offering Memorandum for details.

We adopted the new HKFRS 16 since January 1, 2019. There is no restatement to the financial information for the years ended December 31, 2017 and 2018 upon the adoption of the new HKFRS 16. For the impact on the financial information for the year ended December 31, 2019 from the adoption of the new HKFRS 16, please see the sub-section titled “2.2 Changes in accounting policies and disclosures” in our audited financial information for the year ended December 31, 2019 on pages F-33 to F-37 as included elsewhere in this Offering Memorandum for details.

- (2) EBITDA refers to our profit before interest income, capitalized borrowing costs under costs of sales, finance costs, fair value gains/(losses) on investment properties, fair value gains/(losses) on derivative financial instruments, income tax expense, and depreciation and amortization. EBITDA is not a standard measure under HKFRS or US GAAP. As the property development business is capital intensive, capital expenditure and levels of debt and interest expenses may have a significant impact on the profit for the year/period of companies with similar operating results. Therefore, we believe that the investor community commonly uses this type of financial measure to assess the operating performance of companies in our industry. As a measure of our operating performance, we believe that the most directly comparable HKFRS measure to EBITDA is profit for the year. We use EBITDA in addition to profit for the year because, under HKFRS, profit for the year includes many accounting items associated with capital expenditures, such as depreciation, as well as non-operating items, such as amortization of intangible assets, interest income and interest expense. By minimizing differences in capital expenditures and the associated depreciation expenses as well as reported tax positions, intangible asset amortization and interest income and expense, EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with the results of other companies. You should not consider our EBITDA in isolation or construe it as an alternative to cash flows, profit or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA presented in this offering memorandum may not be comparable to similarly titled measures presented by other companies. EBITDA, as presented in this offering memorandum, also differs from Consolidated EBITDA, as defined in the Notes.
- (3) EBITDA margin refers to EBITDA divided by revenue for the relevant year expressed as a percentage.

	As of December 31,			
	2017	2018	2019	2019
	RMB	RMB	RMB	US\$
	(in thousands)			
Consolidated statement of financial position data:				
Non-current assets				
Property, plant and equipment	874,715	934,017	2,802,912	402,613
Investment properties	8,140,210	10,525,825	12,864,131	1,847,817
Land held for property development for sale	215,224	215,224	—	—
Prepayments, other receivables and other assets	—	1,029,512	—	—
Goodwill	—	1,133,070	724,147	104,017
Investment in joint ventures	6,387,378	6,204,784	4,471,802	642,334
Investment in associates	602,365	3,807,748	4,867,561	699,181
Deferred tax assets	526,074	742,157	907,607	130,370
Total non-current assets	16,745,966	24,592,337	26,638,160	3,826,332
Current assets				
Land held for property development for sale	9,173,473	5,680,204	2,813,172	404,087
Properties under development	10,263,940	26,614,206	25,054,430	3,598,844
Properties held for sale	8,121,694	13,051,659	21,220,032	3,048,067
Prepayments for acquisition of land	2,109,667	—	124,008	17,813
Prepayments, other receivables and other assets	15,630,318	14,683,118	33,744,638	4,847,114
Prepaid corporate income tax	127,813	505,730	388,019	55,735
Prepaid land appreciation tax	216,020	656,400	885,775	127,234
Derivative financial instruments	17,718	—	55,627	7,990
Restricted cash	1,901,969	2,117,120	1,866,122	268,052
Non-pledged time deposits with original maturity of over three months	—	—	5,189,418	745,413
Cash and cash equivalents	15,596,239	27,162,230	28,455,729	4,087,410
Total current assets	63,158,851	90,470,667	119,796,970	17,207,759
Current liabilities				
Receipts in advance	10,268,840	—	—	—
Contract liabilities	—	13,752,438	8,658,302	1,243,687
Trade payables	5,153,520	6,857,073	9,783,041	1,405,246
Other payables and accruals	12,468,016	22,960,107	36,090,052	5,184,012
Interest-bearing bank and other borrowings	6,704,340	8,679,618	7,612,774	1,093,507
Corporate bonds	10,000,000	7,200,000	6,000,000	861,846
Senior notes	—	550,074	1,658,842	238,278
Corporate income tax payables	1,893,370	2,552,345	2,819,745	405,031
Provision for land appreciation tax	1,505,218	1,962,590	2,228,566	320,113
Derivative financial instruments	19,229	5,884	—	—
Total current liabilities	48,012,533	64,520,129	74,851,322	10,751,720
Net current assets	15,146,318	25,950,538	44,945,648	6,456,039
Total assets less current liabilities	31,892,284	50,542,875	71,583,808	10,282,371
Non-current liabilities				
Other payables	2,560,449	—	—	—
Interest-bearing bank and other borrowings	7,007,525	12,468,045	9,598,056	1,378,674
Corporate bonds	—	3,800,000	3,500,000	502,744
Senior notes	3,855,621	10,934,118	27,298,834	3,921,232
Deferred tax liabilities	1,025,453	1,910,360	2,459,289	353,255
Total non-current liabilities	14,449,048	29,112,523	42,856,179	6,155,905
Net assets	17,443,236	21,430,352	28,727,629	4,126,466
Equity				
Equity attributable to owners of the parent				
Issued capital	355,982	410,035	447,146	64,229
Senior perpetual securities	1,911,986	1,911,986	1,911,986	274,640
Reserves	14,113,513	17,164,569	20,544,015	2,950,963
	16,381,481	19,486,590	22,903,147	3,289,832
Non-controlling interests	1,061,755	1,943,762	5,824,482	836,634
Total equity	17,443,236	21,430,352	28,727,629	4,126,466

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 “Selected Consolidated Financial Information” and our consolidated financial statements and related notes included elsewhere in this offering memorandum. Our financial information has been prepared and presented in accordance with HKFRS, which differs in certain material respects from US GAAP.

Overview

We are one of the leading national property developers with our headquarters in Shanghai. We have consistently been named as one of the “Top 100 China Real Estate Enterprises” (中國房地產百強企業). Our primary focus is developing high-quality residential properties. In order to diversify our portfolio, we also develop retail and commercial properties, including office buildings, shopping malls and hotels, and retain some of them as long-term investments. In addition, we engage in property-related businesses such as residential and commercial property management. We have a track record of successfully bringing real estate projects in West Strait Economic Zone, Yangtze River Delta Region, Bohai Rim Region, Greater Bay Area, Central China Region and Southwest Region to the market. We have ranked top in Xiamen in terms of GFA contractually sold per annum for more than 13 years. In December 2019, MSCI released the 2019 ESG (Environmental, Social and Governance) Rating, and we were upgraded to BBB in ESG Rating, ranking the 1st among the domestic real estate enterprises. We were also ranked the 1st in both lists of “Best Investor Relations – Investment Grade” and “Best Use of Debt – Investment Grade” in the real estate and construction sector by an international authoritative financial magazine named “Institutional Investor” under its list of “Global Fixed-Income Executive Team 2019.” In the same year, we were ranked the 36th in “2019 Best 50 China Real Estate Developers” for the eighth year and the 34th in “2019 Best 50 China Real Estate Listed Companies with Strongest Comprehensive Strengths,” and were awarded the 2nd place in the “2019 Top 5 China Real Estate Listed Companies with Best Business Performances.” On February 6, 2018, Yuzhou Properties was incorporated into one of the constituent stocks of the “Hang Seng Composite LargeCap and MidCap Index”. On May 16, 2018, Yuzhou was selected as a constituent of the MSCI China Index and we became one of few property stocks in the MSCI China Index. After being selected into the Shenzhen-Hong Kong Stock Connect program in 2016, we were also incorporated into the Shanghai-Hong Kong Stock Connect program in 2018. The incorporation demonstrates high recognition of Yuzhou Properties’ enterprise value, stock liquidity and business performance from the market and professional organizations. We believe that our incorporation into the “Hang Seng Composite LargeCap and MidCap Index” as well as MSCI China Index will help further facilitate stock liquidity and trading volume, fostering the expansion of quality shareholders’ base of the Group. In January 2018, we received the “Shenzhen-Hong Kong Stock Connect Best Investment Value Award” at the “2017 China Financial Market Awards” hosted by *China Financial Market*, a well-known financial magazine. We were also awarded the “2017 Hong Kong Golden Stocks” Most Valuable Real Property Company Award” at the “2017 Hong Kong Golden Stocks” Listed Company Nomination Ceremony”. In 2018, China Real Estate Research Association, China Real Estate Association and CRIC jointly named us as one of the “2018 Best 50 China Real Estate Developers (Rank 37th)” and “2018 Best 10 China Real Estate Developers with Development Potential (Rank 3rd)”; China Real Estate Association and CRIC also ranked us as one of “2018 Best 50 China Real Estate Listed Companies with Strongest Comprehensive Strengths (Ranked the 35th)” and “2018 Best 5 China Real Estate Listed Companies with Business Performances (Ranked 2nd)”, as well as “2018 Fujian’s Top 10 Development Real Estate Enterprises (Rank 4th)”, “2018 Top 50 Chinese Real Estate Enterprises by Brand Value (Rank 31st)”; we were also awarded by Guandian.cn with “2018 China’s 100 Best Real Estate Enterprises (Rank 36th)”, “2018 China’s Top 30 Listed Real Estate Enterprises (G30) (Rank 28th)”, “2018 China’s Real Estate Enterprises with Best Brand Value (Top 30)”. In addition, we were also listed as “Top 100 Hong Kong Listed Companies Awards – Outstanding Property Industry Award” by Tencent and Finet, “2018 Quality Chinese Real Estate Enterprises Award” by the Organizing Committee for Quality Chinese Real Estate Enterprises Award, “2018 Corporate Social Responsibility Exemplar Award” by China Finance Summit, “2018 Shanghai Property Management Outstanding Demonstration Project Award” by Shanghai property management industry association and Shanghai “Magnolia Gold Award” in construction project by Shanghai construction industry association. We believe that this track record, together with the strong recognition of our “Yuzhou” brand and leading position

across West Strait Economic Zone, Yangtze River Delta Region and Bohai Rim Region, positions us well to continue to expand into other cities in China. Our shares have been listed on the main board of the SEHK since November 2009 and our market capitalization was approximately HK\$18,197 million as of July 31, 2020.

We commenced our property development business in 1994. As of December 31, 2019, we had 156 projects (including our projects held for future development and potential projects) at various stages of development located in Xiamen, Nanjing, Shanghai, Fuzhou, Tianjin, Hefei, Bengbu, Quanzhou, Longyan, Zhangzhou, Suzhou, Hangzhou, Wuhan, Huizhou, Zhoushan, Yangzhou, Qingdao, Tangshan, Shenyang, Beijing, Bozhou, Zhengzhou, Foshan, Chongqing, Ningbo, Shijiazhuang, Wuxi and Hong Kong. As of December 31, 2019, we had 60 projects completed with a total site area of approximately 4,237,129 sq.m. and a total GFA of approximately 12,198,128 sq.m., and 76 projects under development with a total site area of approximately 6,621,478 sq.m. and a total GFA of approximately 15,663,025 sq.m. As of the same date, we had 20 projects held for future development and potential projects with a total site area of approximately 3,607,055 sq.m. and a total GFA of approximately 4,284,700 sq.m. We have obtained land use rights certificates for the land for 155 of our projects completed, under development or held for future development. We are in the process of obtaining the land use rights certificates for 1 of our projects.

We believe that our success is attributable to our commitment to high-quality design and development, and our attention to details. For example, our “Yuzhou” brand has been recognized as a “Famous Brand” (著名商標) by the Fujian provincial government and the Xiamen municipal government and was named “2014 The Most Valuable Brand of China Property Sector” at the Boao Forum – 2014 China Properties Development and Ceremony of China Property Ranking held in Hainan Boao, China (the “Boao Forum”). In January 2014, we were awarded the “2013 Most Influential Property Company” by Fujian Daily (福建日報).

In 2017, 2018 and 2019, we delivered total GFA of approximately 1,502,611 sq.m., 1,536,405 sq.m. and 1,808,347 sq.m., respectively, generating revenue from property development of RMB21,213.4 million, RMB23,625.9 million and RMB22,470.2 million, respectively. Our revenue generated from property development during the three-year period ended December 31, 2019 was primarily from sales of residential properties and, to a lesser extent, from sales of retail properties and car park spaces. Revenue generated from sales of properties accounted for approximately 97.8%, 97.2% and 96.7% of our revenue generated from property development in 2017, 2018 and 2019, respectively. In 2017, 2018 and 2019, our net profit for the year was approximately RMB3,127.1 million, RMB3,726.1 million and RMB3,966.8 million, respectively.

We intend to continue to focus on property developments in West Strait Economic Zone, Yangtze River Delta Region, Bohai Rim Region, Greater Bay Area, Central China Region and Southwest Region while pursuing a strategy of prudent growth by continuing our expansion in PRC property markets that may present higher-growth potential, including Xiamen, Fuzhou, Shanghai, Beijing, Tianjin, Nanjing, Hefei, Hangzhou, Suzhou, Quanzhou, Zhangzhou, Longyan, Bengbu and Hong Kong. We intend to continue to focus primarily on the development of residential properties while diversifying our property mix by increasing our commercial property development in the future.

The following table sets forth certain operating and financial data as of and for the years indicated which we have derived from our internal records and our consolidated financial statements and related notes included elsewhere in this offering memorandum:

	For the year ended December 31,		
	2017	2018	2019
Sales of properties recognised during the year (RMB in millions)	21,213.4	23,625.9	22,470.2
Receipts in advance/contract liabilities as of the dates indicated (RMB in millions)	10,268.8	13,752.4	8,658.3
GFA delivered (sq.m.)	1,502,611	1,536,405	1,808.3

Prior to the adoption of HKFRS 15 on January 1, 2018, we did not recognize revenue from the sale and pre-sale of a property until such property is completed and delivered to the buyer, which normally takes place about nine to 24 months after the commencement of pre-sales. Revenue for most of the properties contracted to

be sold in 2015 will only be recognized in subsequent financial periods. Under HKFRS 15, for properties that have no alternative use to us due to contractual reasons and when we have an enforceable right to payment from customers for performance completed to date, we recognize revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress. Prior to the date of revenue recognition, we include proceeds received from properties sold, including pre-sale proceeds that we receive when we sell properties prior to their completion and delivery, in our statements of financial position as “Receipts in advance” or “Contract liabilities” under “Current Liabilities.” Accordingly, our results of operations may vary significantly from period to period, and in particular are dependent on the timing of completion and delivery of our properties. As such, period to period comparisons of our operating results may not be as meaningful as they would be for a company with a greater proportion of recurring revenue. In addition, our historical results may not be indicative of our future performance.

Key Factors Affecting our Performance

Our business, results of operations and financial condition are affected by a number of factors, many of which are beyond our control, including those set out below.

Performance of the real estate market and demand for residential properties in property markets in which we have operations

Most of our revenue was generated from operations in Xiamen, Hefei, Shanghai and Nanjing during the three-year period ended December, 2019. We have also expanded into other major cities in China including Beijing, Tianjin, Fuzhou, Longyan, Bengbu, Quanzhou, Zhangzhou, Hangzhou, Suzhou, Hangzhou, Huizhou, Ningbo, Shijiazhuang, Wuxi, Zhongshan and Hong Kong since 2004. Macroeconomic factors in China and the performance of the property market in China, particularly in cities in which we have development projects, have a direct impact on our results of operations. Economic growth, urbanization and higher standards of living in China have been the main driving forces underpinning the increasing market demand for residential properties, but such growth is often accompanied by volatility in market conditions and fluctuations in property prices. The global economic slowdown and turmoil in the global financial markets starting in the second half of 2008, however, have had a negative impact on the PRC economy, which in turn affected the PRC property market and our financial performance. Since then, the PRC and many other foreign economies have shown signs of recovery. In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these European nations to continue to service their sovereign debt obligations. On August 6, 2011, S&P downgraded the rating for long-term United States debt to “AA+” from “AAA” for the first time in 70 years. The downgrade of United States debt by S&P, coupled with the economic turmoil in Europe and other parts of the world, including the uncertainties surrounding Brexit, may continue to adversely affect the global economy and financial markets. It is difficult to determine the impact of any global economic slowdown and financial crisis on the property industry in China. If the global economic slowdown and financial market crisis continue or become more severe than currently estimated, our business prospects, revenues, cash flows and financial condition could be materially and adversely affected. See “Risk Factors – Risks Relating to Our Business – We may be adversely affected by fluctuations in the global economy and financial markets.”

Our business in Xiamen and Fuzhou will also be affected by regional market demand, which we believe will benefit from the establishment of the West Strait Economic Zone. In May 2009, the Chinese State Council issued the Several Opinions Concerning Support for More Rapid Establishment of Economic Zone in the West Strait (《國務院關於支持福建省加快建設海峽西岸經濟區的若干意見》). The West Strait Economic Zone is an economic development zone in southeast China established to promote regional economic integration and cooperation between Fujian Province and Taiwan, given Fujian’s strategic location connecting the Pearl River

Delta Area and the Yangtze River Delta Area. The establishment of the West Strait Economic Zone is expected to accelerate economic development along the coastal cities in Fujian Province in industries such as agricultural, manufacturing, service and technology. To that end, preferential policies are expected to be promulgated to promote the rapid and successful development of the Fujian economy, which we believe will have a positive impact on our business operations. Please see “Industry and Regulatory Overview – The Real Estate Markets in Xiamen and Fuzhou” for more details.

In accordance with industry practice, we are required to provide guarantees to banks in respect of mortgages offered to our customers until completion of construction and the relevant property ownership certificates and certificates of other interests in the property are submitted to the relevant banks. If there is a downturn in the PRC economy or in any of the property markets in which we have operations, particularly in Xiamen, that results in the default of a significant number of our customers on their mortgages, we may have to repay the mortgages and may suffer a material loss if we are unable to sell the properties to recoup the costs. These factors will continue to have a significant impact on our results of operations.

Regulatory measures in the real estate industry in China

Our results of operations have been, and will continue to be, affected by the regulatory environment in the PRC, including policies relating to:

- land acquisition;
- pre-sales;
- the availability of mortgage financing;
- the availability of capital through loans or other sources;
- sales or other transfers of land use rights and completed properties;
- taxes;
- planning and zoning; and
- building design and construction.

For example, the regulations that require government departments and agencies to grant state-owned land use rights for residential or commercial property development through competitive bidding processes have had a material impact on our operations. Please see “– Costs and procedures for acquiring suitable land” for more details.

Changes in the economic conditions and the regulatory environment in the PRC in general or in cities and regions in which we operate may affect the selling price of our properties as well as the time it will take us to pre-sell or sell the properties we have developed. Lower selling prices, without a corresponding decrease in costs, will adversely affect our gross profit and reduce cash flow generated from the sale of our properties, which may increase our reliance on external financing and negatively impact our ability to finance the continuing growth of our business. Extended selling periods for our properties will increase our selling and distribution costs as well as reduce the cash flow generated from the sale of our properties for a particular period. On the other hand, higher selling prices and a shorter selling periods may increase our gross profit, reduce our selling and distribution costs and increase our cash flow for a particular period, which will better enable us to fund the continuing growth of our business.

From time to time, the PRC government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through measures relating to, among other things, land grants, pre-sales of properties, bank financing and taxation. In recent years, the PRC government has instituted a variety of measures designed to stabilize and dampen any potential overheating of the real estate market, with particular focus on the residential sector. These policies have led, and may continue to lead, to changes in market conditions, including changes in price stability, costs of ownership, costs of development and the balance of supply and demand in respect of residential properties. In the past, we have had to adapt our operations to such austerity measures. PRC regulatory measures in the real estate industry will continue to impact our business and results of operations. Please see “Industry and Regulatory Overview” and “Risk Factors – Risks Relating to Our Business – Our business is susceptible to fluctuations in the property market of China, particularly that of Xiamen, which may adversely affect our revenues and results of operations” for more details.

We are also highly susceptible to any regulations or measures adopted by the PBOC that may restrict bank lending to enterprises, particularly to real estate developers. Moreover, a substantial portion of our purchasers depends on mortgage financing to purchase our properties. Regulations or measures adopted by the PRC government that are intended to restrict the ability of purchasers to obtain mortgages, that limit their ability to resell their properties or that increase the costs of mortgage financing may decrease market demand for our properties and adversely affect our sales revenue.

Costs and procedures for acquiring suitable land

Land costs include costs relating to acquisition of the rights to occupy, use and develop land and primarily represent land premiums incurred in connection with a land grant from the government or land obtained in the secondary market by transfer, corporate acquisition or otherwise. Our costs for acquiring land use rights are influenced by a number of factors, including the location of the property, timing of the acquisition, as well as the project’s plot ratios. Costs for acquiring land use rights are also affected by the method of acquisition, whether by PRC government-organized tenders, auctions or listings-for-sale, through private sale transactions or through the acquisition of other companies that hold land use rights. Our costs for acquiring land use rights are also vulnerable to changes in PRC regulations. If we acquire land which has existing buildings or other structures or is occupied by third parties, we have to bear the costs of demolition and/or resettlement. In most instances, pursuant to the land grant contract, the PRC government completes the demolition of original structures and the resettlement of the original residents on the land while we typically pay the demolition and resettlement costs as part of the land premiums. In the years ended December 31, 2017, 2018 and 2019, our average land costs per sq.m. of GFA delivered were RMB4,474, RMB4,420 and RMB4,529, respectively, as measured by dividing the aggregate land costs by the aggregate saleable GFA of properties delivered within these periods. Due to the general trend of rising land costs in the PRC and our strategy to acquire and develop land in desirable locations, our average land costs per sq.m. of GFA delivered may continue to increase in future periods.

Construction costs

The principal component of our cost of sales is construction costs. Construction costs include all costs for the design and construction of a project, consisting primarily of fees paid to our contractors, including contractors responsible for infrastructure construction, civil engineering construction, landscaping, equipment installation and interior decoration, as well as design costs, materials and certain government surcharges. We typically designate for purchase certain fixture materials such as doors, windows, sanitary fittings and kitchen cabinets, which are required to satisfy national standards or be from certain name brands while the general contractors procure the more basic building materials, such as cement and steel. The construction costs of each of our projects vary not only according to the floor area and height of the buildings, but also according to the

geology of the construction site. Historically, construction material costs have been the principal driver of our construction costs. In contrast, the cost of hiring independent contractors has remained relatively stable. Construction material costs fluctuate as a result of changes in prices of key materials such as steel and cement. Therefore, we are subject to the price fluctuations of construction materials and our profitability may suffer if we cannot pass on the increased costs to our customers. Further, we typically pre-sell our properties prior to their completion and we may not be able to pass on the increased costs to our customers if construction costs increase subsequent to the pre-sale.

Pre-sales

Pre-sales constitute the most important source of our operating cash inflow during our project development process. PRC law allows us to pre-sell properties before their completion upon satisfaction of certain requirements and requires us to use the pre-sales proceeds to develop the particular project that has been pre-sold. Please see “Business – Project Development – Pre-Sale” for additional details. The amount and timing of cash inflows from pre-sales are affected by a number of factors, including the development schedule of each of our projects, restrictions on pre-sales imposed by the PRC government, market demand for our properties subject to pre-sales and the number of properties we have available for pre-sale. Reduced cash flow from pre-sales of our properties will increase our reliance on external financing which will increase our costs and will impact our ability to finance our continuing property developments.

Access to and cost of bank financing

Bank borrowing is another important source of funding for our property developments. As of December 31, 2017, 2018 and 2019, our outstanding bank borrowings amounted to RMB8,755.6 million, RMB11,189.8 million and RMB9,972.1 million, respectively. As commercial banks in the PRC link the interest rates on their bank loans to benchmark lending rates published by the PBOC, any increase in such benchmark lending rates will increase our interest costs. Our access to capital and cost of financing are also affected by the restrictions imposed from time to time by the PRC government on bank lending for property development.

Taxation

Enterprise income tax. The enterprise income tax rate that was generally applicable in China was 33% of taxable income prior to January 1, 2008 and has been 25% commencing on January 1, 2008. Our subsidiaries in Xiamen and our property development subsidiaries in Shanghai Pudong New District had been entitled to a preferential enterprise income tax rate of 15% prior to January 1, 2008 pursuant to then applicable PRC national and local tax laws. Our subsidiary Fujian Yanhai Co. has been entitled to income tax exemption for the first two years commencing in 2004, which was the first year of profit-making, and income tax reduction by 50% for the subsequent three years pursuant to then-applicable PRC national tax laws and approvals received from local tax authorities. As a result of the EIT Law enacted by the National People’s Congress on March 16, 2007 and effective on January 1, 2008, the uniform enterprise income tax rate of 25% applies to our subsidiaries located in Xiamen and Shanghai Pudong New District as well as Fujian Yanhai Co. However, the EIT Law also provides a transition period starting from its effective date for those enterprises which were established before March 16, 2007 and which were entitled to a preferential lower income tax rate under the then-effective tax laws or regulations. On December 26, 2007, the State Council issued the Transition Preferential Policies Circular, which stipulates the income tax rates during the transition period to be applied to those enterprises then entitled to a preferential income tax rate of 15% and established before March 16, 2007. During such transition period, our subsidiaries established before March 16, 2007 and located in Xiamen and Shanghai Pudong New District were subject to a tax rate of 18%, 20%, 22% and 24% in 2008, 2009, 2010 and 2011, respectively, and the uniform rate of 25% in 2012, and Fujian Yanhai Co. continued to enjoy its tax

reduction treatment until the end of 2008 and was subject to the uniform rate of 25% after 2008. Except for our subsidiaries as mentioned above, our other subsidiaries located in China have been subject to enterprise income tax at a rate of 25% commencing on January 1, 2008.

LAT. We are subject to LAT in the PRC. In the PRC, LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, calculated as the proceeds of the sales of properties less deductible expenditures, including: (i) land acquisition costs; (ii) costs related to the development of land, new buildings and related facilities; (iii) expenses, including finance costs and selling and general administrative expenses, of the land development and project construction, the total of which is capped at 10% of the aggregate of (i) and (ii) above; (iv) the appraised price of any existing buildings and structures above ground; (v) taxes related to the assignment of the real property; and (vi) for taxpayers that are real property developers, a further deduction which is equal to 20% of the aggregate of (i) and (ii) above. In addition, taxpayers that construct ordinary residential properties enjoy an exemption from payment of LAT, if the appreciation amount does not exceed 20% of the aggregate sum of deductions allowed under (i), (ii), (iii), (v) and (vi) above. If, however, the appreciation amount exceeds 20% of the sum of allowable deductions, LAT is payable on the full amount of the appreciation after taking account of the allowable deductions.

We have estimated and made provisions for the full amount of LAT in respect of our property developments and have recognized this in our consolidated income statements. The net provisions for LAT we made for the years ended December 31, 2017, 2018 and 2019 amounted to RMB1,634.4 million, RMB1,438.5 million and RMB1,342.7 million, respectively. As of December 31, 2019, we had made provisions for LAT in compliance with PRC LAT laws and regulations. Any change in the LAT regulations and their implementation will have a direct impact on our profits.

We prepay LAT with reference to our pre-sales proceeds and the tax rates set out by local tax authorities. Please see “Industry and Regulatory Overview – Regulatory Overview – Land Appreciation Tax.”

Our effective tax rates for 2017, 2018 and 2019 were 49.5%, 44.7% and 39.9%, respectively.

Fair value adjustment of investment properties

Our results of operations have in the past been affected by adjustments in the fair value of our investment properties and may continue to be affected by such adjustments in the future. In accordance with HKFRS, we are required to reassess the fair value of our investment properties on each reporting date, and we include the gains or losses arising from changes in the fair value of such investment properties in our income statement in the period in which they arise. Pursuant to HKAS 40, our investment properties are recognized by using fair value model. We recognize investment properties at their fair value because we are of the view that periodic fair value adjustments in accordance with prevailing market conditions provide a more up-to-date picture of the value of our investment properties. The fair value of our investment properties is based on valuations of such properties conducted by our property valuer, using property valuation techniques involving certain assumptions of market conditions. Please see “– Critical Accounting Policies – Valuation of our investment properties.”

For the years ended 2017, 2018 and 2019, we recognized fair value gains (net of deferred tax) on our investment properties in the amounts of RMB285.1 million, RMB124.4 million and RMB450.4 million, respectively, which represented 9.1%, 3.3% and 11.4% of our net profits in those periods, respectively. Prospective investors should be aware that fair value gains included in our income statement reflect unrealized capital gains in the value of our investment properties at the relevant reporting date and do not constitute profit generated from our operations or generate any actual cash inflow to us. Favorable or unfavorable changes in the assumptions of market conditions used by our property valuer would result in changes to the fair value of our investment properties and corresponding adjustments to the amount of gains or losses reported in our

income statement in the future. A decrease in the fair value of our investment properties in future reporting periods will result in the recognition of a loss in our income statement, which will reduce our profits and could have a material adverse impact on our results of operations. Please also 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 impact our profitability” for additional information.

Fluctuation in results of operations

Our results of operations tend to fluctuate from period to period. According to our accounting policy for revenue recognition, we recognize revenue from the sale and pre-sale of our properties upon delivery, which normally takes place about nine to 24 months after the commencement of pre-sales. Please see “– Critical Accounting Policies – Revenue recognition” for more details. Because the delivery of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA and timing of delivery of the properties we sell. Periods in which we deliver more GFA typically generate a higher level of revenue. Periods in which we pre-sell a large GFA, however, may not generate a correspondingly high level of revenue, if the properties pre-sold are not delivered within the same period. The effect of the timing of project 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 amount of capital required for land acquisition and construction, limited human resources, and limited land supplies. Please see “– Liquidity and Capital Resources – Financial resources and working capital” for more details.

In addition, we often develop properties in multiple phases over the course of several years. Typically, the selling prices of properties in such multiple-phase property developments tend to increase as the overall development comes closer to completion as more established residential communities are more attractive to potential purchasers which allows us to increase our prices.

In the future, we intend to increase the proportion of our recurring revenues generated by rental income by expanding our investment property portfolio, focusing primarily on offices, shopping malls, serviced apartments and hotels. Through an increase in recurring revenues, we expect to reduce, to a limited extent, the fluctuations in our results of operations.

Critical Accounting Policies

We have identified certain accounting policies that are significant to the preparation of our financial statements. Our significant accounting policies, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Note 2 to the consolidated financial statements included elsewhere in this offering memorandum. Some of our accounting policies involve subjective assumptions and estimates, as well as judgments relating to accounting items such as revenue recognition, cost or expense allocation and liability provisioning. In each case, the determination of these items requires management’s judgment based on information and financial data that may change in future periods. When reviewing our financial information, you should consider: (i) our selection of critical accounting policies; (ii) the judgment and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set forth below those accounting policies that we believe involve the most significant estimates and judgments used in the preparation of our financial information. In addition, we discuss our revenue recognition policies below because of their significance, even though they do not involve significant estimates or judgments.

Revenue recognition

We adopted the new HKFRS 15 on January 1, 2018. Prior to the adoption of HKFRS 15, we accounted for revenue from sales of properties when significant risks and rewards of ownership have been transferred to the customers on delivery in its entirety at a single time upon vacant possession.

Under HKFRS 15, for properties that have no alternative use to us due to contractual reasons and when we have an enforceable right to payment from customers for performance completed to date, we recognize revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress. We have assessed that there is an enforceable right to payment from the customers for performance completed to date for few properties. Thus, majority of revenue from sale of properties will continue to be recognized at a point in time, when the purchasers obtains the physical possession or the legal title of the completed property and we have present right to payment and the collection of the consideration is probable.

We recognize rental income on a time proportion basis over the lease term.

We recognize property management fee income in the period when the services are rendered.

We recognize revenue from hotel operation when the services are rendered.

Cost of Sales

We recognize the cost of sales of our properties for a given period to the extent that revenue from such properties has been recognized in such period. Prior to their completion and delivery, properties under development are included on our consolidated statements of financial position at the lower of cost and net realizable value.

Cost of sales for each property we sell includes construction costs, costs of obtaining land use rights and capitalized borrowing costs on related borrowed funds during the period of construction, based upon the total saleable GFA of properties expected to be sold in each project, which are allocated to each property based on the estimated relative saleable GFA of each property. We make such estimates based on the information available at the time of completion of the relevant sales contracts, including the development plan and budget for the project. If there is any change to the estimated total development cost subsequent to the initial sales for a project, for example, due to fluctuations in construction costs or changes in development plans, we will need to finalize the cost with the contractor and allocate the increased or decreased cost to all the properties in the project, including those that have been pre-sold in prior periods, which will increase or decrease the unit costs of, and erode or improve the margins realizable on, the properties of the project during the period in which such change occurs.

Income Taxes

Enterprise income tax. The income tax provision of our Group in respect of operations in China has been calculated at the applicable tax rate on the estimated assessable profits for the three-year period ended December 31, 2019, based on the existing legislation, interpretations and practices in respect thereof. As a result of the EIT Law enacted by the National People's Congress on March 16, 2007 and effective on January 1, 2008, the uniform enterprise income tax rate of 25% applies to some of our subsidiaries in Xiamen and Shanghai Pudong New District and Fujian Yanhai Co. after a certain transition period as stipulated by applicable PRC laws and regulations. All other subsidiaries located in China have been subject to enterprise income tax at a rate of 25% since January 1, 2008. For each of the PRC subsidiaries in the Group, the enterprise income tax is provided at the applicable rate of the profits for the purpose of PRC statutory financial reporting, adjusted for those items which are not assessable or deductible. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. When the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

LAT. We are also subject to LAT. Because at the time we deliver a property we may not have completed the entire phase of a project or the project as a whole, our estimate of LAT provisions at that time requires us to use significant judgment with respect to, among other things, the total proceeds to be derived from the sale of the entire phase of the project or the entire project, the total appreciation of the value of land, buildings and attached facilities and the various deductible items. We recognize LAT based on management's best estimates according to its understanding of the tax rules. The final LAT obligation could be different from the amounts that were initially recorded, and these differences will impact the taxation and deferred income tax provision in the periods in which such taxes are finalized with local tax authorities. Please see “– Key Factors Affecting Our Performance – Taxation – LAT” for more details.

Deferred income taxation. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using the tax rates that have been enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that our management believes it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled by us, and it is probable that the temporary difference will not reverse in the foreseeable future. Significant management estimation is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Properties Under Development and Properties Held for Sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realizable value. We record the cost of properties under development on our consolidated statements of financial position based on the costs of acquired land use rights in respect of land acquired for development and the invoices and construction progress reports of our construction contractors and the construction supervisory companies in respect of the completion of construction projects. Completed properties remaining unsold are recorded on our consolidated statements of financial position as properties held for sale.

Net realizable value for our properties under development is determined by reference to management estimates of the selling prices based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realizable value for our properties held for sale is determined by our directors based on prevailing market prices, and on an individual property basis. We are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favorable than those projected by our management, additional adjustments to the value of properties under development may be required.

As of December 31, 2017, 2018 and 2019, we had properties under development of RMB10,263.9 million, RMB26,614.2 million and RMB25,054.4 million, respectively. Land costs comprise the costs of acquiring rights to use certain land, which is all located in the PRC, for property development over fixed periods. As of December 31, 2017, 2018 and 2019, we had land costs of approximately RMB8,972.2 million, RMB22,346.0 million and RMB16,911.6 million, respectively, included in our properties under development.

Valuation of our investment properties

Our investment properties comprise properties held to earn rentals and/or for capital appreciation. In accordance with HKAS 40, the Hong Kong Accounting Standard for investment properties issued by the Hong Kong Institute of Certified Public Accountants, completed investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. Our use of the fair value model to account for completed investment properties at their fair values is consistent with our accounting policy as set out in the consolidated financial statements, including the notes thereto, included elsewhere in this offering memorandum and complies with the requirements of HKAS 40 “Investment Property”.

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed.

The valuation of investment properties involves the exercise of professional judgment and requires the use of certain bases and assumptions with respect to factors including:

- There will be no material changes in the bases or rates of taxation or the policies with respect to imposition of such taxation, in the countries or territories in which our Group operates.
- There will be no material changes in interest rates or foreign currency exchange rates from those currently prevailing as of the date of this offering memorandum.
- Specific assumptions in respect of investment property valuation:
 - (i) the current financial, economic and political conditions which prevail in the PRC and in the neighboring cities/provinces and which are material to the rental income generated by the investment properties are expected to remain unchanged;
 - (ii) the conditions in which the investment properties are being operated and which are material to revenue and costs of the properties will be unchanged;
 - (iii) property-specific factors such as the building facilities provision, building specification, ventilation system, ancillary supporting retail services, quality of property management and tenant’s profile will remain unchanged; and

- (iv) the leases of any lease-expired units of the properties will be renewed at normal commercial terms.

Such specific assumptions are consistent with the approach undertaken by our property valuer.

The bases and assumptions that our property valuer uses for the valuation typically include references to values realized in comparable precedent transactions in the market for properties of similar size, character and location. The fair value of our completed investment properties might have been higher or lower if our property valuer used a different set of bases or assumptions or if the valuation was conducted by other qualified independent professional valuers. In addition, upward revaluation adjustments reflect unrealized capital gains in the value of our completed investment properties at the relevant reporting dates, are not profit generated from day-to-day rental income from our completed investment properties, are largely dependent on the conditions prevailing in the property markets, and do not generate cash inflow to our Group for dividend distribution to our shareholders unless such completed investment properties are disposed of and the capital gains are realized. The amount of revaluation adjustment has been, and may continue to be, significantly affected by the prevailing property markets and may go down as well as up. In relying on the valuation report, our management team has exercised its judgment and is satisfied that the method of valuation is reflective of current market conditions.

As of December 31, 2017, 2018 and 2019, we had investment properties of RMB8,140.2 million, RMB10,525.8 million and RMB12,864.1 million, respectively. Our completed investment properties as of the date of this offering memorandum primarily comprised investment properties in Xiamen Yuzhou Plaza, Shanghai Yuzhou Plaza, Yuzhou Commercial Plaza, The Mall at Phases I and II of Yuzhou World Trade Center, Phases I and II of Yuzhou World Trade Plaza, Kindergartens at Phase II of Yuzhou Overseas City and Phase II of Yuzhou University City, Phases I, II, III and IV of Yuzhou Jinqiao International, Yuzhou Golden Seacoast, Yuzhou Castle above City, Phase I of Oriental Venice, Phase I of Yuzhou Skyline, Phase I, II and III of Yuzhou Central Coast, Yuzhou Cloud Top International, Yuzhou Central Plaza, Yuzhou City Plaza, Yuzhou Prince Lakeshine, Yuzhou Central Town and 58/F of The Center.

Capitalized Borrowing Costs

We capitalize a portion of our costs of borrowing to the extent that such costs are directly attributable to the construction of a project. In general, we capitalize finance costs incurred from the commencement of development of a relevant project until the relevant project or project phase is completed. For purposes of capitalization of borrowing costs, development commences when we begin the planning and design of a project with the relevant loan proceeds and ends after the relevant construction has been completed. For any given project, the finance costs incurred after the end of the month in which the relevant project or project phase is completed are not capitalized, but are instead accounted for in our consolidated income statements as finance costs in the period in which they are incurred.

Description of Certain Statement of Profit or Loss Items

The following summarizes components of certain statement of profit or loss items appearing in the consolidated financial statements, included elsewhere in this offering memorandum, which we believe to be helpful to an understanding of the period to period discussions that follow below.

Revenue

Our revenue represents the (i) gross proceeds, net of business tax, value-added tax and surcharges, from the sale of properties, (ii) gross rental income, net of business tax, value-added tax and surcharges, received and receivable from investment properties, (iii) property management fee income, net of business tax, value-

added tax and surcharges, (iv) gross revenue from hotel operation, net of business tax, value-added tax and surcharges, and (v) net invoiced value from trading of construction materials, net of value added tax and surcharges. We categorize our business into five segments, namely, property development (which represents sales of properties held for sale), property investment (which represents rental income from investment properties), property management, hotel operation and others.

The following table sets forth our revenue in each business segment and the percentage of revenue represented by each segment for the years indicated.

	For the year ended December 31,					
	2017		2018		2019	
	(RMB'000)		(RMB'000)		(RMB'000)	
Property development	21,213,375	97.8%	23,625,857	97.2%	22,470,173	96.7%
Property investment	140,287	0.6%	244,575	1.0%	305,138	1.3%
Property management	328,518	1.5%	417,243	1.7%	447,673	1.9%
Hotel operation	18,493	0.1%	18,196	0.1%	17,721	0.1%
Total	<u>21,700,673</u>	<u>100.0%</u>	<u>24,305,871</u>	<u>100.0%</u>	<u>23,240,705</u>	<u>100.0%</u>

Revenue from property development represents proceeds from sales of our properties held for sale. Because we derive substantially all of our revenue from the property development segment, our results of operations for a given period depend upon the GFA of properties we have available for sale during that period, the market demand for those properties and the price we are able to obtain for such properties. Conditions in the property markets in which we operate change from period to period and are affected by the general economic, political and regulatory developments in the PRC, particularly in Xiamen. Please see “– Key Factors Affecting Our Performance” for more details. Revenue from property investment represents the rent income generated from our investment properties. The increase in revenue from property management was primarily due to the increase in GFA under our management, partially reflecting the increase in GFA sold and delivered by us. Revenue from hotel operation represents the proceeds generated from the hotels we operate.

Our financial performance for a given period depends substantially on the number of properties we completed and delivered within the period and the selling prices realized for these properties. The following table sets forth, for the years indicated, the total GFA of properties we delivered and the average selling prices per sq.m. for these properties, as measured by dividing the revenue from property sales recognized at a point in time by the GFA delivered.

	For the year ended December 31,								
	2017			2018			2019		
	Revenue	GFA delivered	Average selling price	Revenue	GFA delivered	Average selling price	Revenue	GFA delivered	Average selling price
	(RMB'000)	(sq.m.)	(RMB)	(RMB'000)	(sq.m.)	(RMB)	(RMB'000)	(sq.m.)	(RMB)
Residential	18,543,668	1,289,075	14,385	21,785,220	1,338,214	16,279	20,542,722	1,598,013	12,855
Retail and commercial	2,155,690	132,510	16,268	1,037,921	78,876	13,159	1,189,148	101,679	11,695
Car park spaces	514,017	81,026	6,344	502,420	119,315	4,211	667,077	108,655	6,139
Total	<u>21,213,375</u>	<u>1,502,611</u>	<u>14,118</u>	<u>23,325,561</u>	<u>1,536,405</u>	<u>15,182</u>	<u>22,398,947</u>	<u>1,808,347</u>	<u>12,386</u>

The following table sets forth, for the years indicated, our revenue recognized at a point in time for the year indicated generated by each of our properties and the percentage of revenue represented by each property.

	For the year ended December 31,					
	2017		2018		2019	
	(RMB'000)		(RMB'000)		(RMB'000)	
Yuzhou Golf.	212,676	1.0%	408,197	1.7%	127,056	0.6%
Yuzhou Shoreline.	186,093	0.9%	24,949	0.1%	104,562	0.5%
Yuzhou Central Coast – Phase II.	156,847	0.7%	–	–	–	0.0%
Yuzhou Riverside City Town	2,382,390	11.2%	538,861	2.3%	407,449	1.8%
Yuzhou Castle above City – Phase I (Longyan).	1,159,704	5.5%	97,967	0.4%	23,044	0.1%
Yuzhou Oriental Venice – Phase II.	41,058	0.2%	–	–	–	0.0%
Yuzhou Oriental Venice – Phase III.	1,032,083	4.8%	1,590,305	6.8%	393,260	1.8%
Yuzhou Gushan No. One	95,543	0.5%	146,640	0.6%	–	0.0%
Yuzhou City Plaza (Shanghai).	481,815	2.3%	–	–	–	0.0%
Yuzhou City Plaza – Phase III (Quanzhou).	537,159	2.5%	546,923	2.3%	2,192,960	9.8%
Yuzhou Skyline – Phase III	45,943	0.2%	69,617	0.3%	–	0.0%
Yuzhou Cloud Top International	–	–	–	–	–	0.0%
Yuzhou Jade Lakeshire	9,650	0.0%	–	–	148,095	0.7%
Yuzhou Central Plaza – Phase I.	525,435	2.5%	77,827	0.3%	31,972	0.1%
Yuzhou Prince Lakeshire	129,772	0.6%	27,566	0.1%	444,798	2.0%
Chunjiang Central	2,097,537	9.9%	121,558	0.5%	25,459	0.1%
Yuzhou Lucca Town.	2,393,861	11.3%	108,460	0.5%	87,212	0.4%
Yuzhou Royal Lakeshire	360,978	1.7%	176,110	0.8%	4,752	0.0%
Yuzhou Bustling Center.	3,063,577	14.4%	195,120	0.8%	13,276	0.1%
Yuzhou Royal Seal.	1,606,975	7.6%	2,055,329	8.8%	347,706	1.6%
Yuzhou Cambridge Town.	1,177,695	5.6%	51,878	0.2%	–	0.0%
Yuzhou The Jiqing	3,391,180	16.0%	106,236	0.5%	8,071	0.0%
Yuzhou Wujing The Scenery.	105,916	0.5%	158,675	0.7%	52,922	0.2%
Yuzhou Beautiful Garden Life.	–	–	1,443,309	6.2%	8,946	0.0%
Yuzhou Central Town.	–	–	2,610,137	11.2%	59,661	0.3%
Yuzhou Moon Riverside	–	–	722,676	3.1%	–	0.0%
Yuzhou Palace Mansion.	–	–	–	–	1,880	0.0%
Yuzhou Dongtan Grace Mansion	–	–	–	–	67,791	0.3%
Yuzhou Noble Mansion.	–	–	–	–	2,193,685	9.8%
Yuzhou Lakeside	–	–	–	–	9,119	0.0%
Shenyang Yuzhou Plaza.	–	–	–	–	284,375	1.3%
Coastal Xingting	–	–	–	–	37,727	0.2%
Yuzhou Radiance Central Mansion	–	–	–	–	2,129,995	9.5%
Yuzhou King's Garden	–	–	–	–	1,663,093	7.4%
Yuzhou The Times.	–	–	–	–	1,573,747	7.0%
Yuzhou New Town	–	–	–	–	1,203,895	5.4%
Yuzhou Langham Bay.	–	–	–	–	418,097	1.9%
Yuzhou Redsun The Spring	–	–	–	–	1,242,373	5.5%
Yuzhou Riverside Sapphire.	–	–	–	–	962,313	4.3%
Yuzhou New Town (Bengbu)	–	–	–	–	1,456,621	6.5%
Yuzhou Honor Galaxy (Suzhou).	–	–	–	–	335,003	1.5%
Yuzhou Honor Hill.	–	–	–	–	1,936,551	8.6%
Yuzhou Redsun Joy Mansion	–	–	–	–	229,143	1.0%
Yuzhou Central Town Phase II	–	–	–	–	1,044,923	4.7%
Yuzhou Honor Galaxy.	–	–	–	–	1,015,702	4.5%
Others.	7,011	0.0%	191,411	0.8%	111,713	0.5%
	<u>21,213,375</u>	<u>100.0%</u>	<u>23,325,561</u>	<u>100.0%</u>	<u>22,398,947</u>	<u>100.0%</u>

Cost of sales

Cost of sales primarily represents the costs we incur directly for our property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct cost of construction, land costs and capitalized borrowing costs on related borrowed funds during the period of construction.

The following table sets forth information relating to cost of properties sold in respect of the revenue from property sales recognized at a point in time for the years indicated.

	For the year ended December 31,					
	2017		2018		2019	
	(RMB'000)		(RMB'000)		(RMB'000)	
Construction costs	6,091,431	44.5%	8,334,659	50.7%	8,190,701	49.2%
Land costs	6,723,139	49.0%	6,791,562	41.3%	6,422,242	38.6%
Capitalized borrowing costs	894,643	6.5%	1,312,987	8.0%	2,018,280	12.2%
Total.	13,709,213	100.0%	16,439,208	100.0%	16,631,223	100.0%

We recognize the cost of sales of our properties for a given period to the extent that revenue from such properties has been recognized in such period. Prior to their completion and delivery, properties under development are included in our consolidated statements of financial position at the lower of cost and net realizable value. Net realizable value for our properties under development is determined by reference to management's estimates of the selling prices based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realizable value for our properties held for sale is determined by our directors based on prevailing market prices, and on individual property basis. The components of our cost of sales may change in any given year based on the stage of our projects in the property development process. Please see "Business – Property Development" for more details.

Construction costs. Construction costs represent costs incurred for the design and construction of a property project, consisting primarily of fees paid to our contractors, including contractors responsible for civil engineering construction, landscaping, equipment installation and interior decoration, as well as infrastructure construction costs, design costs and certain government surcharges. Our construction costs are affected by a number of factors such as price movements of construction materials, location and types of properties, choices of materials and investments in ancillary facilities. Most of the costs of construction materials are accounted for as part of the contractor's fees upon settlement with the relevant contractors.

Land costs. Land costs include costs relating to acquisition of the rights to occupy, use and develop land, and primarily represent land premiums incurred in connection with a land grant from the government or land obtained in the secondary market by transfer, cooperative arrangement, corporate acquisition or otherwise. In addition to general property market conditions in the PRC and PRC economic development, our costs of land use rights are affected by the locations of the property projects, the timing of acquisitions, the project's plot ratios and the method of acquisition.

For the years ended December 31, 2017, 2018 and 2019 our average land costs per sq.m. of GFA delivered were RMB4,474, RMB4,420 and RMB4,529, respectively, as measured by dividing the aggregate land costs by the aggregate saleable GFA of properties delivered within these periods.

Capitalized borrowing costs. We capitalize our borrowing costs as part of the cost of sales for a project or project phase to the extent that such costs are directly attributable to the construction of such project or project phase.

Selling and distribution expenses

Selling and distribution expenses include advertising and promotion expenses relating to sales and rental of our properties (including advertisements on television and in newspapers, magazines, on billboards, promotional offers made directly to our customers and certain other promotional events), commissions of sales agents and other selling expenses. Our selling and marketing costs in any period are affected by the proportion of newly-introduced developments in that period.

Administrative expenses

Administrative expenses include primarily staff salaries and benefits at our principal executive offices in Shanghai and Xiamen (excluding commissions of sales agents, which are recorded as selling and marketing expenses, and salaries and benefits of project managers, which are recorded as cost of sales), office and business expenses and other administrative expenses.

Fair value gains/(losses) on investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are stated at their fair value at each reporting date. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. The fair value was based on a valuation of these properties conducted by our property valuer using property valuation techniques which involve certain assumptions regarding market conditions. Favorable or unfavorable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

The following table sets forth the components of the fair value gains/(losses) on investment properties (before deferred tax effect) for the years indicated.

	For the year ended December 31,		
	2017	2018	2019
	(RMB'000)	(RMB'000)	(RMB'000)
Kindergarten at Phase II of Yuzhou Overseas City	46	36	100
The Mall at Phase I of			
Yuzhou World Trade Center	34,900	(28,100)	(16,600)
The Mall at Phase II of			
Yuzhou World Trade Center	18,200	(25,800)	(16,600)
Yuzhou Golden Seacoast	35,520	1,940	(1,970)
Phase I of Yuzhou Jinqiao International	3,200	21,600	6,600
Phase II of Yuzhou Jinqiao International	3,600	18,900	1,000
Phase III of Yuzhou Jinqiao International	1,200	10,340	(200)
Phase IV of Yuzhou Jinqiao International	20,050	47,220	4,280
Carparks of Yuzhou Skyline	(11,628)	59,990	17,700
Kindergarten and office building of Yuzhou Castle above City	2,500	(620)	1,440
The commercial podium of Xiamen Yuzhou Plaza	10,537	(48,800)	5,000
Kindergarten and office building of Yuzhou Center	1,337	23,420	8,720
Kindergarten of Yuzhou University City Phase II	60	70	40
The commercial podium and various car parking spaces of Oriental Venice Phase I	2,600	100	100
Kindergarten of Yuzhou Riverside City Town	(19,714)	9,020	600
Exhibition centre of Yuzhou Riverside City Town	(3,664)	2,340	300
The commercial podium of Yuzhou Central Coast Phase I	21,320	(370)	1,020
The commercial podium of Yuzhou Central Coast Phase II	870	630	250
The commercial podium of Yuzhou Central Coast Phase III	24,380	53,820	7,910
The commercial podium of Yuzhou Cloud Top International	1,950	1,960	1,500
The commercial podium of Yuzhou Shoreline	1,910	620	400
The commercial podium of Yuzhou City Plaza	27,140	(35,197)	(6,337)
The commercial podium of			
Yuzhou Commercial Plaza	84,351	24,308	14,600
The commercial podium of Yuzhou Upper Central	(15,102)	28,251	–
The commercial podium of Yuzhou Riverside City Town	(47,437)	86,980	78,800
The commercial podium of Yuzhou Central Plaza	180,100	–	–
The commercial podium of Yuzhou Central Town	–	(52,857)	3,442
Offices of Yardley Commercial Building	1,843	3,147	(125)
Yuzhou Central Plaza	–	25,120	12,000
Yuzhou Castle Above City Phase II	–	(29,966)	1,300
Yuzhou Prince Lakeshire	–	28,806	(55,500)
Chunjiang Central Phase III	–	(106,027)	148,972
Taizi Lake K1 Land	–	44,950	(52,387)
Yuzhou Central City Phase II	–	–	65,400
Yuzhou Galaxy Park	–	–	193,695
58/F of The Center	–	–	77,488
No. 48 Caine Road	–	–	97,608
Total	<u>380,069</u>	<u>165,831</u>	<u>600,546</u>

Finance costs

Finance costs primarily comprise interest costs net of capitalized interest relating to properties for sale. Please see “– Key Factors Affecting Our Performance – Borrowing costs” for more details. Since the construction period for a project or project phase does not necessarily coincide with the interest payment period of the relevant loan, not all of the interest costs related to a project or project phase can be capitalized. As a result, our finance costs may fluctuate from period to period depending on the level of interest costs that are capitalized within the reporting period.

Taxation

Taxation represents PRC enterprise income tax and LAT payable by our subsidiaries in China. The enterprise income tax rate that was generally applicable in China was 33% of taxable income prior to January 1, 2008 and has been 25% commencing on January 1, 2008 (except for certain subsidiaries). Our subsidiaries in Xiamen and our property development subsidiaries in Shanghai Pudong New District had been entitled to a preferential enterprise income tax rate of 15% during the period prior to January 1, 2008 pursuant to then-applicable PRC national and local tax laws. Our subsidiary Fujian Yanhai Co. has been entitled to income tax exemption for the first two years commencing in 2004, which was the first year of profit-making, and income tax reduction by 50% for the subsequent three years pursuant to then applicable PRC national tax laws and approvals received from local tax authorities. As a result of the EIT Law enacted by the National People's Congress on March 16, 2007 and effective on January 1, 2008, the uniform enterprise income tax rate of 25% applies to some of our subsidiaries in Xiamen and Fujian Yanhai Co. after a certain transition period as stipulated by applicable PRC laws and regulations. All of our other subsidiaries located in China have been subject to enterprise income tax at a rate of 25% since January 1, 2008. Please see “– Key Factors Affecting Our Performance – Taxation – Enterprise income tax” for more details. For LAT, please see “– Key Factors Affecting Our Performance – Taxation – LAT” for more details.

We operate as an overseas company for Cayman Islands regulatory purposes and are not subject to Cayman Islands income tax.

Non-controlling interests

Non-controlling interests represent our profit or loss after taxation that is attributable to the non-controlling shareholders of our non-wholly owned subsidiaries.

Summary Consolidated Statements of Profit or Loss

The following table sets forth, for the years indicated, certain items derived from our consolidated statements of profit or loss and their respective percentages of our total revenue.

	For the year ended December 31						
	2017		2018		2019		2019
	(RMB'000)		(RMB'000)		(RMB'000)	(US\$'000)	
Revenue	21,700,673	100.0%	24,305,871	100.0%	23,240,705	3,338,318	100.0%
Cost of sales	(14,017,619)	(64.6%)	(16,838,626)	(69.3%)	(17,148,995)	(2,463,299)	(73.8%)
Gross profit	7,683,054	35.4%	7,467,245	30.7%	6,091,710	875,019	26.2%
Fair value gains on investment properties, net	380,069	1.8%	165,831	0.7%	600,546	86,263	2.6%
Other income and gains	202,311	0.9%	497,215	2.0%	2,167,688	311,369	9.3%
Selling and distribution expenses	(490,771)	(2.3%)	(459,152)	(1.9%)	(659,594)	(94,745)	(2.8%)
Administrative expenses	(499,882)	(2.3%)	(606,179)	(2.5%)	(1,090,645)	(156,661)	(4.7%)
Other expenses	(292,891)	(1.3%)	(54,484)	(0.2%)	(310,739)	(44,635)	(1.3%)
Finance costs	(708,340)	(3.3%)	(223,352)	(0.9%)	(360,345)	(51,760)	(1.6%)
Share of profits and losses of joint ventures	(64,719)	(0.3%)	(74,265)	(0.3%)	(63,489)	(9,120)	(0.3%)
Share of profits and losses of associates	(18,771)	(0.1%)	21,849	0.1%	229,369	32,947	1.0%
Profit before tax	6,190,060	28.5%	6,734,708	27.7%	6,604,501	948,677	28.4%
Income tax expense	(3,062,991)	(14.1%)	(3,008,605)	(12.4%)	(2,637,705)	(378,883)	(11.3%)
Profit for the year	3,127,069	14.4%	3,726,103	15.3%	3,966,796	569,794	17.1%
Attributable to							
Owners of the parent	2,790,047	12.8%	3,504,940	14.4%	3,605,776	517,937	15.5%
Non-controlling interests	337,022	1.6%	221,163	0.9%	361,020	51,857	1.6%
	3,127,069	14.4%	3,726,103	15.3%	3,966,796	569,794	17.1%
Earnings per share attributable to ordinary equity holders of the Company – Basic (RMB)	0.70		0.78		0.71		

2019 compared to 2018

Revenue. Our revenue decreased by RMB1,065.2 million, or 4.4%, to RMB23,240.7 million in 2019 from RMB24,305.9 in 2018, primarily due to a decrease of RMB1,155.7 million, or 4.9%, in revenue generated from sales of properties to RMB22,470.2 million in 2019 from RMB23,625.9 million in 2018. The decrease in revenue generated from sales of properties was primarily due to a decrease in average selling price of properties delivered.

The following table sets forth, for each project or project phase indicated, the revenue generated from such project or project phase recognized at a point in time, the corresponding GFA delivered and the applicable average selling price for the year ended December 31, 2019:

	For the years ended December 31,							
	2018				2019			
	Revenue (RMB'000)	Percentages of revenue	GFA delivered (sq.m.)	Average selling price (RMB)	Revenue (RMB'000)	Percentages of revenue	GFA delivered (sq.m.)	Average selling price (RMB)
Yuzhou Riverside City Town .	538,861	2.3%	43,899	12,275	407,449	1.8%	31,374	12,987
Yuzhou Golf.	408,197	1.7%	14,614	27,932	127,056	0.6%	7,959	15,964
Yuzhou Shoreline.	24,949	0.1%	2,936	8,498	104,562	0.5%	7,719	13,546
Chunjiang Central	121,558	0.5%	10,959	11,092	25,459	0.1%	5,499	4,630
Yuzhou Lucca Town.	108,460	0.5%	7,071	15,339	87,212	0.4%	4,455	19,576
Yuzhou Gushan No One	146,640	0.6%	8,536	17,179	—	—	—	—
Yuzhou Oriental Venice.	1,590,305	6.8%	84,677	18,781	393,260	1.8%	22,307	17,629
Yuzhou Cambridge Town. . . .	51,878	0.2%	6,076	8,538	—	—	—	—
Yuzhou City Plaza	546,923	2.3%	96,054	5,694	2,192,960	9.8%	325,737	6,732
Yuzhou Castle above City . . .	97,967	0.4%	30,702	3,191	23,044	0.1%	501	45,996
Yuzhou Bustling Center (Shanghai)	195,120	0.8%	6,174	31,603	13,276	0.1%	430	30,874
Yuzhou Jade Lakeshire	—	0.0%	—	—	148,095	0.7%	27,224	5,440
Yuzhou Beautiful Garden Life.	1,443,309	6.2%	51,215	28,181	8,946	0.0%	319	28,044
Yuzhou Dongtan Grace Mansion	825,271	3.5%	24,895	33,150	67,791	0.3%	1,891	35,849
Yuzhou Noble Mansion	2,230,921	9.6%	74,983	29,752	2,193,685	9.8%	74,506	29,443
Yuzhou Skyline.	69,617	0.3%	9,678	7,193	—	—	—	—
Yuzhou Royal Seal.	2,055,329	8.8%	202,714	10,139	347,706	1.6%	28,100	12,374
Yuzhou Central Plaza	77,827	0.3%	6,927	11,235	31,972	0.1%	2,158	14,816
Yuzhou Central Town.	2,610,137	11.2%	221,029	11,809	59,661	0.3%	4,737	12,595
Yuzhou The Jiqing.	106,236	0.5%	5,410	19,637	8,071	0.0%	544	14,836
Yuzhou Moon Riverside	722,676	3.1%	32,913	21,957	—	—	—	—
Yuzhou Lakeside	1,311,902	5.6%	115,564	11,352	9,119	0.0%	2,006	4,546
Yuzhou Riverside Sapphire. . .	5,831,640	25.0%	217,592	26,801	962,313	4.3%	44,378	21,684
Yuzhou Prince Lakeshire	27,566	0.1%	10,751	2,564	444,798	2.0%	55,909	7,956
Yuzhou Palace Mansion.	1,026,822	4.4%	125,732	8,167	1,880	0.0%	1,154	1,629
Yuzhou Royal Lakeshire	176,110	0.8%	18,515	9,512	4,752	0.0%	1,955	2,431
Shenyang Yuzhou Plaza.	321,253	1.4%	43,822	7,331	284,375	1.3%	37,416	7,600
Yuzhou New Town	21,511	0.1%	3,709	5,800	1,203,895	5.4%	176,692	6,814
Coastal Lingjiao River No One.	97,303	0.4%	4,644	20,952	—	—	—	—
Coastal Silo City	171,378	0.7%	10,666	16,068	—	—	—	—
Yuzhou Wujing The Scenery. . .	158,675	0.7%	15,676	10,122	52,922	0.2%	6,171	8,576
Coastal Xingting	17,809	0.1%	1,172	15,195	37,727	0.2%	2,333	16,171
Yuzhou Bustling Center (Bengbu).	—	—	—	—	1,456,621	6.5%	247,426	5,887
Yuzhou Radiance Central Mansion	—	—	—	—	2,129,995	9.5%	80,777	26,369
Yuzhou King's Garden	—	—	—	—	1,663,093	7.4%	59,645	27,883
Yuzhou The Times.	—	—	—	—	1,573,747	7.0%	136,315	11,545
Yuzhou Suzhou Honor Galaxy.	—	—	—	—	335,003	1.5%	20,642	16,229
Yuzhou Central Town Phase II	—	—	—	—	1,044,923	4.7%	80,900	12,916
Redsun Joy Mansion.	—	—	—	—	229,143	1.0%	40,350	5,679
Yuzhou Honor Hill.	—	—	—	—	1,936,551	8.6%	114,203	16,957
Yuzhou Langham Bay.	—	—	—	—	418,097	1.9%	25,420	16,448
Yuzhou Honor Galaxy.	—	—	—	—	1,015,702	4.5%	32,271	31,474
Redsun Yuzhou The Spring . .	—	—	—	—	1,242,373	5.5%	60,740	20,454
Others.	191,411	0.8%	27,100	7,063	111,713	0.5%	36,182	3,088
Total	23,325,561	100%	1,536,405	15,182	22,398,947	100%	1,808,345	12,386

Our revenue from rental income increased by RMB60.5 million, or 24.7%, to RMB305.1 million in 2019 from RMB244.6 million in 2018. Our revenue from property management income increased by RMB30.5 million, or 7.3%, to RMB447.7 million in 2019 from RMB417.2 million in 2018. Our revenue from hotel operation income decreased by RMB0.5 million, or 2.7%, to RMB17.7 million in 2019 from RMB18.2 million in 2018.

Cost of sales. Cost of sales increased by RMB310.4 million, or 1.8%, to RMB17,149.0 million in 2019 from RMB16,838.6 million in 2018. This increase was primarily due to an increase in GFA of properties delivered during the year.

Gross profit. Gross profit decreased by RMB1,375.5 million, or 18.4%, to RMB6,091.7 million in 2019 from RMB7,467.2 million in 2018. Our gross profit margin decreased to 26.2% in 2019 from 30.7% in 2018, which was primarily due to changes in product mix delivered during the year.

Fair value gain on investment properties. Fair value gains on investment properties increased by RMB434.8 million, or 262.2%, to RMB600.6 million in 2019 from RMB165.8 million in 2018. This was primarily due to an increase in fair value gain from the rising rent of investment properties located in Hefei, Xiamen and Hong Kong.

Other income and gains. Other income and gains increased by RMB1,670.5 million, or 336.0%, to RMB2,167.7 million in 2019 from RMB497.2 million in 2018. The increase in other income and gains was mainly due to the gain on disposal and deemed disposal of certain subsidiaries located in Xiamen, Nanjing, Hefei and Tianjin upon loss of control.

Selling and distribution expenses. Selling and distribution expenses increased by RMB200.4 million, or 43.6%, to RMB659.6 million in 2019 from RMB459.2 million in 2018, which was mainly attributable to an increase in the sales volume and the fact that, as we began to establish a self-developed sales team with the development of high efficient sales team comprising self-developed and external sale persons, the selling and distribution expenses increased in the early stage.

Administrative expenses. Administrative expenses increased by RMB484.5 million, or 79.9%, to RMB1,090.7 million in 2019 from RMB606.2 million in 2018, which is mainly due to our business expansion and an increase in the number of staff as well as an optimization of remuneration package for employees.

Other expenses. Other expenses increased by RMB256.2 million, or 470.3%, to RMB310.7 million in 2019 from RMB54.5 million in 2018 primarily due to an impairment on goodwill of RMB189.3 million incurred during the year.

Finance costs. Finance costs increased by RMB136.9 million, or 61.3%, to RMB360.3 million in 2019 from RMB223.4 million in 2018, primarily due to the loss on early redemption of senior notes during the year.

Income tax expense. Income tax expense decreased by RMB370.9 million, or 12.3%, to RMB2,637.7 million in 2019 from RMB3,008.6 million in 2018. The increase was mainly due to the decrease of the tax rates of land appreciation tax during the year.

Profit for the year. Profit for the year increased by RMB240.7 million, or 6.5%, to RMB3,966.8 million in 2019 from RMB3,726.1 million in 2018, as a result of the cumulative effect.

2018 compared to 2017

Revenue. Our revenue increased by RMB2,605.2 million, or 12.0%, to RMB24,305.9 million in 2018 from RMB21,700.7 million in 2017, primarily due to an increase of RMB2,417.5 million, or 11.4%, in revenue generated from sales of properties to RMB23,625.9 million in 2018 from RMB21,213.4 million in 2017. The increase in revenue generated from sales of properties was primarily due to (i) an increase of 33,794 sq.m., or 2.2%, in GFA delivered by us to 1,536,405 sq.m. in 2018 from 1,502,611 sq.m. in 2017 and (ii) an increase of RMB1,064 per sq. m., or 7.5%, in average selling price per sq.m. from RMB14,118 in 2017 to RMB15,182 in 2018.

The following table sets forth, for each project or project phase indicated, the revenue generated from such project or project phase, the corresponding GFA delivered and the applicable average selling price for the years ended December 31, 2017 and 2018:

	For the year ended December 31,							
	2017				2018			
	Revenue	Percentages of revenue	GFA delivered	Average Selling Price	Revenue	Percentages of revenue	GFA delivered	Average Selling Price
	(RMB'000)		(sq.m.)	(RMB)	(RMB'000)		(sq.m.)	(RMB)
Yuzhou Riverside City Town .	2,382,390	11.2%	146,773	16,232	538,861	2.3%	43,899	12,275
Yuzhou Golf.	212,676	1.0%	11,534	18,439	408,197	1.7%	14,614	27,932
Yuzhou Shoreline.	186,093	0.9%	9,552	19,482	24,949	0.1%	2,936	8,498
Yuzhou Central Coast.	156,847	0.7%	11,930	13,147	—	—	—	—
Chunjiang Central.	2,097,537	9.9%	84,877	24,713	121,558	0.5%	10,959	11,092
Yuzhou Lucca Town.	2,393,861	11.3%	112,392	21,299	108,460	0.5%	7,071	15,339
Yuzhou Gushan No.One	95,543	0.5%	5,639	16,943	146,640	0.6%	8,536	17,179
Yuzhou Oriental Venice.	1,073,141	5.1%	70,147	15,298	1,590,305	6.8%	84,677	18,781
Yuzhou Cambridge Town. . . .	1,177,695	5.6%	131,562	8,952	51,878	0.2%	6,076	8,538
Yuzhou City Plaza (Quanzhou)	537,159	2.5%	94,297	5,696	546,923	2.3%	96,054	5,694
Yuzhou Castle above City . . .	1,159,704	5.5%	197,666	5,867	97,967	0.4%	30,702	3,191
Yuzhou Bustling Center.	3,063,577	14.4%	110,360	27,760	195,120	0.8%	6,174	31,603
Yuzhou City Plaza (Shanghai).	481,815	2.3%	36,803	13,092	—	—	—	—
Yuzhou Jade Lakeshire	9,650	0.0%	634	15,221	—	—	—	—
Yuzhou Beautiful Garden Life.	—	—	—	—	1,443,309	6.2%	51,215	28,181
Yuzhou Dongtan Grace Mansion	—	—	—	—	825,271	3.5%	24,895	33,150
Yuzhou Noble Mansion	—	—	—	—	2,230,921	9.6%	74,983	29,752
Yuzhou Skyline.	45,943	0.2%	5,416	8,483	69,617	0.3%	9,678	7,193
Yuzhou Royal Seal.	1,606,975	7.6%	230,474	6,972	2,055,329	8.8%	202,714	10,139
Yuzhou Central Plaza	525,435	2.5%	50,494	10,406	77,827	0.3%	6,927	11,235
Yuzhou Central Town.	3,391,180	16.0%	111,799	30,333	2,610,137	11.2%	221,029	11,809
Yuzhou The Jiqing.	—	—	—	—	106,236	0.5%	5,410	19,637
Yuzhou Moon Riverside	—	—	—	—	722,676	3.1%	32,913	21,957
Yuzhou Lakeside	—	—	—	—	1,311,902	5.6%	115,564	11,352
Yuzhou Riverside Sapphire. . .	—	—	—	—	5,831,640	25.0%	217,592	26,801
Yuzhou Prince Lakeshire	129,772	0.6%	24,946	5,202	27,566	0.1%	10,751	2,564
Yuzhou Palace Mansion.	12,477	0.1%	1,627	7,669	1,026,822	4.4%	125,732	8,167
Yuzhou Royal Lakeshire	360,978	1.7%	41,629	8,671	176,110	0.8%	18,515	9,512
Shenyang Yuzhou Plaza.	—	—	—	—	321,253	1.4%	43,822	7,331
Yuzhou Fengnan New Town. . .	—	—	—	—	21,511	0.1%	3,709	5,800
Coastal Lingjiao River No. One	—	—	—	—	97,303	0.4%	4,644	20,952
Coastal Silo City	—	—	—	—	171,378	0.7%	10,666	16,068
Yuzhou Wujing The Scenery. . .	105,916	0.5%	10,422	10,163	158,675	0.7%	15,676	10,122
Coastal Xingting	—	—	—	—	17,809	0.1%	1,172	15,195
Others.	7,011	0.0%	1,638	4,280	191,411	0.3%	27,100	18,871
Total	21,213,375	100.0%	1,502,611	14,118	23,325,561	100.00%	1,536,405	15,182

Our revenue from rental income increased by RMB104.3 million, or 74.3%, to RMB244.6 million in 2018 from RMB140.3 million in 2017. Our revenue from property management income increased by RMB88.7 million, or 27.0%, to RMB417.2 million in 2018 from RMB328.5 million in 2017. Our revenue from hotel operations decreased by RMB0.3 million, or 1.6%, to RMB18.2 million 2018 from RMB18.5 million in 2017.

Cost of sales. Cost of sales increased by RMB2,821.0 million, or 20.1%, to RMB16,838.6 million in 2018 from RMB14,017.6 million in 2017. This increase was principally due to an increase in costs we incurred for our property development activities, which in turn was due to an increase in the GFA delivered in 2018. The cost of properties sold per sq.m. in respect of the revenue from property sales increased by RMB1,836.0 million, or 20.1%, to RMB10,960.0 million in 2018 from RMB9,124 million in 2017, primarily due to the increase in GFA of properties delivered and increase in cost recognized per GFA.

Gross profit. Gross profit decreased by RMB215.9 million, or 2.8%, to RMB7,467.2 million in 2018 from RMB7,683.1 million in 2017. Our gross profit margin decreased to 30.7% in 2018 from 35.4% in 2017, which was primarily due to changes in gross profit margin of properties delivered during 2018.

Fair value gain on investment properties. Fair value gains on investment properties decreased by RMB214.3 million, or 56.4%, to RMB165.8 million in 2018 from RMB380.1 million in 2017. This was primarily due to the decrease in fair value gain on investment properties located in Shanghai, Wuhan and Hong Kong.

Other income and gains. Other income and gains increased by RMB294.9 million, or 145.8%, to RMB497.2 million in 2018 from RMB202.3 million in 2017. The increase was principally due to increase in bank interest income in 2018.

Selling and distribution expenses. Selling and distribution expenses decreased by RMB31.6 million, or 6.4%, to RMB459.2 million in 2018 from RMB490.8 million in 2017. The decrease in selling and distribution expenses was mainly due to our effective cost control measures. On the other hand, selling and distribution expenses in 2018 accounted for 0.82% of total contracted sales as compared to 1.22% in 2017, representing a decrease over 2018.

Administrative expenses. Administrative expenses increased by RMB106.3 million, or 21.3%, to RMB606.2 million in 2018 from RMB499.9 million in 2017 primarily due to the business expansion and the increase in the number of staff, especially for several new cities we entered into during 2018.

Other expenses. Other expenses decreased by RMB238.4 million, or 81.4%, to RMB54.5 million in 2018 from RMB292.9 million in 2017 primarily due to no impairment of goodwill and the decrease in realized and unrealized losses on derivative financial instrument from RMB134.7 million in 2017 to RMB30.3 million in 2018.

Finance costs. Finance costs decreased by RMB484.9 million, or 68.5%, to RMB223.4 million in 2018 from RMB708.3 million in 2017, primarily due to increases in capitalized interest during 2018.

Share of profits and losses of joint ventures, net. Share of profits and losses of joint ventures, net increased to a loss of RMB74.3 million in 2018 from a loss of RMB64.7 million in 2017. The increase in loss was primarily attributable to increase of investments in companies in start-up stage.

Income tax expense. Income tax expense decreased by RMB54.4 million, or 1.8%, to RMB3,008.6 million in 2018 from RMB3,063.0 million in 2017. The decrease was mainly due to the tax credit arising from recognition of deferred tax assets in 2018.

Profit for the year. Profit for the year increased by RMB599.0 million, or 19.2%, to RMB3,726.1 million in 2018 from RMB3,127.1 million in 2017, as a result of the cumulative effect of the foregoing factors.

Liquidity and Capital Resources

Our primary uses of cash are to pay for land acquisition costs, construction costs and finance costs and to fund working capital and normal recurring expenses. To date we have funded our growth principally from shareholder contributions, internally generated cash flows, including proceeds from the sales and pre-sales of our properties, bank loans, the proceeds from our bond offerings and equity fund raisings. Going forward, we believe our liquidity requirements will be satisfied using a combination of bank loans, cash provided by operating activities including proceeds from the sales and pre-sales of our properties, the proceeds from the offering of the Notes, and other funds raised from the capital markets from time to time.

Financing of Our Projects

During the three-year period ended December 31, 2019, we financed, and at present we finance, our projects primarily through shareholder contributions, internally-generated cash flows, including proceeds from the pre-sale and sale of our projects, proceeds from sales of bonds, bank loans and the proceeds from the issuance and sale of the 2018 Notes, the 2019 Notes, the 2019 II Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the Senior Perpetual Securities and domestic corporate bonds. The following summarizes our main sources of financing for our projects:

- **Shareholder contributions.** Historically, we partially used shareholder contributions to fund our project developments. Under PRC laws and regulations, shareholders can make capital contributions in the form of registered capital or, in case they are shareholders of a foreign invested company in China, shareholders' loans to finance part of the funding needs of our project developments. After June 1, 2007, shareholder contributions by way of shareholder loans became restricted by applicable PRC regulations. Our PRC project companies are required to make a capital contribution of at least 35% of the total investment of a project (principally in the form of registered capital) when they apply for loans from banks for the development of the project.
- **Sale of bonds.** In July 2013, we issued and sold HK\$1,500 million 10.00% senior guaranteed notes due 2019 to China Life Trustee Limited, which were fully repaid by us in February 2016. For more information, please see "Description of Other Material Indebtedness". In October 2013, we issued and sold an aggregate total face value of US\$300,000,000 of the 2018 Notes. We redeemed all of the 2018 Notes in October 2016. In January 2014, we issued and sold an aggregate total face value of US\$300,000,000 of the 2019 Notes. In December 2014, we issued and sold an aggregate total face value of US\$250,000,000 of the 2019 II Notes. In October 2015, twice in December 2015 and September 2016, we issued and sold an aggregate face amount of RMB2.0 billion, RMB2.0 billion, RMB3.0 billion and RMB3.0 billion domestic corporate bonds, respectively. The 2019 Notes and the 2019 II Notes are guaranteed by the Subsidiary Guarantors and secured by the Collateral. We redeemed all of the 2019 Notes in February 2017. We redeemed all of the 2019 II Notes on December 8, 2017. In October 2016, we issued and sold an aggregate total face value of US\$250,000,000 of the 2023 Notes. In January 2017, we issued and sold an aggregate total face value of US\$350,000,000 of the 2022 Notes. For more information, please see summary descriptions of the 2023 Notes and the 2022 Notes in "Description of Other Material Indebtedness – 2023 Notes" and "Description of Other Material Indebtedness – 2022 Notes". In September 2017, we issued and sold an aggregate total face value of US\$300,000,000 of the Senior Perpetual Securities. For more information, please see summary descriptions of the Senior Perpetual Securities in "Description of Other Material Indebtedness – Senior Perpetual Securities". In March 2018, we issued and sold an aggregate total face value of US\$375,000,000 of the 2021 Notes. In May and July 2018, we issued and sold an aggregate total face value of US\$200,000,000 and

US\$425,000,000, respectively, of the 2021 II Notes. For more information, please see summary descriptions of the 2021 Notes and 2021 II Notes in “Description of Other Material Indebtedness – 2021 Notes” and “Description of Other Material Indebtedness – 2021 II Notes”.

- **Bank loans and other borrowings.** As of December 31, 2019, we had RMB17,210.8 million in bank loans and other borrowings (excluding domestic corporate bonds and senior notes) outstanding. Most of our bank loans are project specific. Once we start to pre-sell the projects, we gradually repay the bank loans using the pre-sale proceeds received. We are often required to secure our bank loans with properties under development or other assets. For more information on our bank loans, see “– Indebtedness.”
- **Proceeds from the pre-sale and sale of properties.** We conduct the sale of our properties primarily by way of pre-sale. Pre-sale proceeds are the sales proceeds we receive when we sell properties prior to their completion. Pre-sale proceeds of one phase of a project or a whole project can be used to fund further construction of the same phase or project. Under PRC law, the following conditions must be fulfilled before the pre-sale of a particular property can commence: (i) the land premium must be paid in full and the land use rights certificates must have been obtained; (ii) the construction works planning permit and the work commencement permit must have been obtained; (iii) the funds contributed to the development of the project must amount to at least 25% of the total amount to be invested in the project and the project progress and the date of completion of the project for use must have been ascertained; and (iv) the pre-sale permit must have been obtained. Upon obtaining a pre-sale permit from the relevant government authorities, we enter into sales contracts with our customers. For those purchasers who finance their purchases with mortgage financing, we generally require them to make a minimum down-payment of at least 30% of the purchase price for residential property at the execution of the pre-sale contract, and receive the remaining purchase price from the bank with which the purchaser has entered into a mortgage agreement typically within three months after the execution of the pre-sale contract. For the purchasers who do not require mortgage financing, we generally require the full purchase price to be paid upon the execution of the sales contract. In addition to proceeds from the pre-sale of properties, we also generate proceeds from the sale of completed properties.

In the future, we expect to use funds from a combination of sources to fund new projects, including bank loans, internally generated cash flow, proceeds from the offering of the Notes and other funds raised from the capital markets from time to time. We do not expect to rely on financial assistance contributions from our controlling shareholders to satisfy our funding needs for new projects after the completion of the offering of the Notes. For the intended use of net proceeds from the offering of the Notes, see “Use of Proceeds.” Our access to funds may be affected by various factors, including factors discussed under “Risk Factors” and “– Key Factors Affecting Our Performance.”

The following table presents selected cash flow data from our consolidated statements of cash flow for the years indicated.

	For the year ended December 31,		
	2017	2018	2019
		(RMB'000)	
Net cash flows (used in)/from operating activities.	2,512,115	3,157,309	(5,859,164)
Net cash flows used in investing activities	(10,157,319)	(1,587,838)	(18,943,915)
Net cash flows from financing activities.	7,314,051	9,879,455	25,300,397
Cash and cash equivalents at the end of the year	15,596,239	27,162,230	28,455,729

Cash flows from (used in)/operating activities

We derive our cash inflow from operating activities principally from the pre-sale and sale of properties and cash from our other operating activities. Our cash outflow from operating activities is principally for investments in properties under development and land held for development for sale. We had a net cash inflow from operating activities of RMB2,512.1 million, RMB3,157.3 million in 2017, 2018 and a net cash outflow from operating activities of RMB5,859.2 million in 2019, respectively. Our property development business experiences net operating cash outflows from time to time, particularly when imbalances occur between the timing of our cash inflows relating to the pre-sale and sale of properties and our cash outflows relating to the acquisition of land and the construction and development of properties. Our historical net cash outflows from operating activities were primarily due to increases in properties under development and completed properties held for sale while other developments were being prepared for pre-sale. We expanded our property development business, including acquisition of land and construction of projects, and incurred cash outflows at a more rapid rate than cash return from pre-sale and sale of our projects which were eligible for pre-sale or sale in 2019. We cannot assure you that we will not experience periods of net cash outflow from operating activities in the future. For more information please see “Risk Factors – The interests of our controlling shareholders may not align with those of our other Shareholders.”

In 2019, we had net cash outflow from operating activities in the amount of RMB5,859.2 million. This net cash outflow was primarily attributable to an increase in properties under development of RMB11,304.7 million, a decrease in properties held for sale of RMB8,077.0 million, an increase in prepayments for acquisition of land of RMB3,440.1 million, a decrease in prepayments, deposits and other receivables of RMB4,393.2 million, a decrease in contract liabilities of RMB5,563.2 million, an increase in trade payables of RMB2,912.3 million and an increase in other payables and accruals of RMB10,032.4 million.

In 2018, we had net cash inflow from operating activities in the amount of RMB3,157.3 million. This net cash inflow was primarily attributable to an increase in properties under development of RMB4,860.8 million, a decrease in properties held for sale of RMB13,440.3 million, a decrease in prepayments for acquisition of land of RMB370.4 million, a decrease in prepayments, deposits and other receivables of RMB1,958.4 million, a decrease in receipts in advance of RMB10,268.8 million, a decrease in contract liabilities of RMB1,137.9 million, a decrease in trade payables of RMB137.9 million and an increase in other payables and accruals of RMB3,766.5 million.

In 2017, we had net cash inflow from operating activities in the amount of RMB2,512.1 million. This net cash inflow was primarily attributable to a decrease in properties under development of RMB2,064.5 million, a decrease in properties held for sale of RMB7,446.9 million, an increase in prepayments for acquisition of land of RMB6,998.1 million, an increase in prepayments, deposits and other receivables of RMB1,397.2 million, a decrease in receipts in advance of RMB1,741.1 million, a decrease in trade payables of RMB537.5 million and an increase in other payables and accruals of RMB1,343.1 million.

Cash flows from investing activities

Our investing activities mainly comprise investments in property, plant and equipment, and payments for acquisitions of a subsidiary and non-controlling interests and the purchase of land.

Our net cash outflow from investing activities was RMB10,157.3 million, RMB1,587.8 million and RMB18,943.9 million in 2017, 2018 and 2019, respectively.

In 2019, we had net cash outflow from investing activities in the amount of RMB18,943.9 million. This net cash outflow was primarily attributable to advances of loans to joint ventures of RMB8,391.1 million, an increase in non-pledged time deposits with original maturity of over three months of RMB5,189.4 million investments in joint ventures of RMB2,399.7 million, advances of loans to associates of RMB1,988.0 million and investments in associates of RMB2,052.7 million.

In 2018, we had net cash outflow from investing activities in the amount of RMB1,587.8 million. This net cash outflow was primarily attributable to repayment of loans from joint ventures of RMB6,906.6 million, investments in joint ventures of RMB4,360.0 million and acquisition of subsidiaries of RMB4,601.2 million.

In 2017, we had net cash outflow from investing activities in the amount of RMB10,157.3 million. This net cash outflow was primarily attributable to investments in joint ventures of RMB2,186.5 million, acquisitions of subsidiaries of RMB4,722.1 million, and advances of loans to our associates of RMB3,991.7 million, partially offset by repayment of loans from joint ventures of RMB1,924.6 million.

Cash flows from financing activities

Our cash inflow from financing activities is mainly generated from bank loans, capital contributions and proceeds from the issuance and sale of the 2018 Notes, the 2019 Notes, the 2019 II Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes and the domestic corporate bonds. Our cash outflow from financing activities primarily reflects repayments of bank loans and dividend paid to shareholders.

We had a net cash inflow from financing activities of RMB7,314.1 million, RMB9,879.5 million and RMB25,300.4 million in 2017, 2018 and 2019, respectively.

In 2019, we had net cash inflow from financing activities in the amount of RMB25,300.4 million. This net cash inflow was primarily attributable to proceeds from issue of senior notes of RMB21,330.0 million and new bank and other loans of RMB15,187.8 million, offset by repayment of bank and other loans of RMB9,701.2 million and repayment of corporate bonds of RMB5,000 million.

In 2018, we had net cash inflow from financing activities in the amount of RMB9,879.5 million. This net cash inflow was primarily attributable to proceeds from issue of senior notes of RMB6,807.8 million and new bank and other loans of RMB11,475.3 million, offset by repayment of bank and other loans of RMB10,248.1 million.

In 2017, we had net cash inflow from financing activities in the amount of RMB7,314.1 million. This net cash inflow was primarily attributable to new bank and other loans of RMB11,007.8 million, proceeds from the issue of senior notes of RMB2,396.0 million, proceeds from the issue of shares of RMB1,321.9 million and proceeds from the issue of senior perpetual securities of RMB1,912.0 million, offset by repayment of bank and other loans of RMB3,763.3 million and redemption of senior notes of RMB3,917.3 million.

Net Current Assets

We had net current assets of RMB15,146.3 million, RMB25,950.5 million and RMB44,945.6 million as of December 31, 2017, 2018 and 2019, respectively.

Indebtedness

Our borrowings as of December 31, 2017, 2018 and 2019 respectively, are as follows:

	As of December 31,		
	2017	2018	2019
	(RMB'000)		
Current			
Bank loans			
unsecured	350,000	–	–
secured	2,854,710	2,870,825	3,581,814
Other borrowings			
secured	3,499,630	5,808,793	4,030,960
Corporate bonds, unsecured	10,000,000	7,200,000	6,000,000
Senior notes, secured	–	550,074	1,658,842
	<u>16,704,340</u>	<u>16,429,692</u>	<u>15,271,616</u>
Non-current			
Bank loans			
unsecured	–	300,000	–
secured	5,550,938	8,018,945	6,390,300
Other borrowings			
secured	1,456,587	4,149,100	3,207,756
Corporate bonds, unsecured	–	3,800,000	3,500,000
Senior notes, secured	3,855,621	10,934,118	27,298,834
	<u>10,863,146</u>	<u>27,202,163</u>	<u>40,396,890</u>
Total	<u><u>27,567,486</u></u>	<u><u>43,631,855</u></u>	<u><u>55,668,506</u></u>

The outstanding bank and other borrowings as of December 31, 2017, 2018 and 2019 bore a weighted average annual interest of 6.02%, 7.23% and 7.12%, respectively. Weighted average annual interests are derived by dividing the total interest costs for the relevant period by total interest-bearing bank and other borrowings (including senior notes) as at the end of that period, multiplying by 365 days and dividing by the number of days in that period. As of December 31, 2019, a substantial part of our borrowings were secured by properties of our Group and guaranteed by our Group companies. As of December 31, 2017, 2018 and 2019, the carrying amounts of our assets under pledge to secure bank borrowings by the Group were RMB11,004.8 million, RMB19,409.2 million and RMB23,655.1 million, respectively. As of December 31, 2017, 2018 and 2019, our bank loans guaranteed by our Group companies amounted to RMB10,486.6 million, RMB13,175.7 million and RMB12,416.7 million, respectively.

Most of our bank loans are project specific loans and their repayment schedules are consistent with the pre-sale schedules of our projects. According to the repayment schedules set out in the relevant loan contracts, we are only required to gradually repay the outstanding amount of such loans after the scheduled commencement of pre-sales of the relevant property and through the additional cash flow generated from the projects. Substantially all of our outstanding bank loans do not contain material covenants restricting our

ability to undertake additional debt or equity financing or pay dividends. As of the date of this offering memorandum, we had not defaulted on any debt service obligations and were not aware of any existing circumstance which may render us unable to service such indebtedness.

As of December 31, 2019, we had aggregate credit facilities of RMB24,055.9 million, of which RMB17,210.8 million was utilized and RMB6,845.1 million remained unutilized.

	As of December 31,		
	2017	2018	2019
	(RMB'000)		
Bank loans repayable:			
Within one year or on demand	3,204,710	2,870,825	3,581,814
After one year but within two years	422,984	3,458,832	2,597,090
After two years but within five years	4,819,800	4,295,069	2,802,489
Beyond five years.	308,154	565,044	990,721
Sub-total.	<u>8,755,648</u>	<u>11,189,770</u>	<u>9,972,114</u>
Other loans and borrowings repayable:			
Within one year or on demand	3,499,630	5,808,793	4,030,960
After one year but within two years	378,250	2,018,100	2,267,980
After two years but within five years	690,337	1,827,000	440,776
Beyond five years.	<u>388,000</u>	<u>304,000</u>	<u>499,000</u>
Sub-total.	<u>4,956,217</u>	<u>9,957,893</u>	<u>7,238,716</u>
Corporate bonds			
Within one year or on demand	10,000,000	7,200,000	6,000,000
After one year but within two years	–	3,800,000	2,000,000
After two years but within five years	<u>–</u>	<u>–</u>	<u>1,500,000</u>
Sub-total.	<u>10,000,000</u>	<u>11,000,000</u>	<u>9,500,000</u>
Senior notes			
Within one year or on demand	–	550,074	1,658,842
After one year but within two years	–	–	5,053,022
After two years but within five years	2,249,212	10,934,118	18,804,919
Beyond five years.	<u>1,606,409</u>	<u>–</u>	<u>3,440,893</u>
Sub-total.	<u>3,855,621</u>	<u>11,484,192</u>	<u>28,957,676</u>
Total	<u><u>27,567,486</u></u>	<u><u>43,631,855</u></u>	<u><u>55,668,506</u></u>

Share Options

In 2017, we granted 25,190,000 share options and 19,020,960 share options exercised. In 2018, we granted 36,860,000 share options and 5,899,600 share options exercised. In 2019, we granted 45,270,000 share options and 14,033,600 share options exercised. As of December 31, 2019, we had 111,982,720 share options outstanding under our share option scheme.

Capital commitments and obligations

As of December 31, 2019, our total contracted capital commitments amounted to RMB7,090.5 million, primarily arising from contracted construction fees or other capital commitments for future property developments. We intend to apply a portion of the net proceeds of this offering to fund the purchase of the 2021 Notes tendered in the Tender Offer. See “Use of Proceeds.” The following table sets forth our contractual commitments as of the dates indicated.

	As of December 31,		
	2017	2018	2019
	(RMB'000)		
Contracted, but not provided for:			
Investment properties under construction and properties under development	3,992,766	5,555,282	7,090,489
Acquisition of project companies	148,849	106,309	–
Total	<u>4,141,615</u>	<u>5,661,591</u>	<u>7,090,489</u>

In addition, under various agreements we were obligated to make future cash payments in fixed amounts. The following table summarizes such contractual obligations by maturity, including interest payments, calculated using contractual rates or, if floating, based on rates as of December 31, 2019.

	As of December 31, 2019				
	Payment Due by Period				
	Less than 1 year	1-2 years	3-5 years	Beyond 5 years	Total
	(RMB'000)				
Interest-bearing bank and other borrowings	8,854,044	5,469,957	3,787,557	1,564,740	19,676,298
Corporate bonds	6,663,940	2,225,644	1,604,132	–	10,493,716
Senior notes	3,854,695	7,052,354	22,492,969	3,729,912	37,129,930
Trade payables	5,205,825	4,577,216	–	–	9,783,041
Other payables and accruals	<u>31,782,386</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>31,782,386</u>
Total	<u>56,360,890</u>	<u>19,325,171</u>	<u>27,884,658</u>	<u>5,294,652</u>	<u>108,865,371</u>
Financial guarantees issued:					
Guarantees in respect of the mortgage facilities provided to certain purchasers of the Group's properties	16,967,363	–	–	–	16,967,363
Guarantees given to banks and other lenders in connection with facilities granted to joint ventures	10,020,296	–	–	–	10,020,296
Guarantees given to banks and other lenders in connection with facilities granted to associates	<u>2,398,292</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,398,292</u>
	<u>29,385,951</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>29,385,951</u>

Contingent liabilities

As of December 31, 2019, we provided guarantees of RMB16,967.4 million to PRC banks in respect of the mortgage loans provided by the banks to purchasers of our developed properties. Our guarantees are issued from the dates of grant of the relevant mortgage loans and released upon the earlier of (i) the issuance of property ownership certificates, which are generally available within one to two years after the purchasers take possession of the relevant properties and (ii) the settlement of mortgage loans between the mortgage banks and the purchasers. In addition, as of December 31, 2019, we provided guarantees of RMB12,418.6 million to banks and other lenders in connection with facilities granted to joint ventures and associates.

Warranty against construction defects in properties

We provide warranties to purchasers of our properties with terms varying from one to five years against certain construction defects as stipulated under PRC laws and regulations. There were no expenses incurred by us in connection with the provision of warranties in 2017, 2018 and 2019 because we received corresponding warranties from the relevant contractors who have constructed the relevant properties.

Legal contingencies

In the normal course of business, we are involved in lawsuits and other proceedings. Please see “Risk Factors – Risks Relating to Our Business – We provide guarantees over mortgage loans given by banks to purchasers of our properties which may materially and adversely affect our results of operations and financial condition if we are required to honor the guarantees.” While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, we believe that no liabilities resulting from these proceedings will have a material adverse effect on our financial position, liquidity, or operating results.

Off-balance sheet arrangements

Except for the contingent liabilities set forth above, as of December 31, 2019, we did not have any off-balance sheet arrangements with unconsolidated entities.

Financial resources and working capital

As of December 31, 2019, we had aggregate cash and cash equivalents of RMB28,455.7 million. As of December, 2019, we had undrawn credit facilities granted by PRC banks in an aggregate amount of RMB6,845.1 million. Once we start to pre-sell the projects, we are required to repay these loans gradually according to the schedules set out in the relevant loan agreements. The utilization of such undrawn facilities is expected to enable us to obtain additional cash to finance part of the construction costs of our projects. This will have a positive impact on our cash flow. We intend to use pre-sale proceeds from the relevant projects to service any indebtedness under such project-specific facilities after their utilization.

We receive cash inflows from pre-sales of our properties and project-specific bank loans. We are permitted to pre-sell our properties under development when we obtain the relevant pre-sale permits. In addition to cash inflows from pre-sales, we typically obtain project-specific bank loans once we receive the work commencement permits for our projects or project phases, using the relevant land use rights and properties as security. We also received net proceeds from the issuance and sale of senior notes. Following this offering of the Notes, we may also further access the international capital markets and raise additional funds through debt or equity offerings. Furthermore, in the event of an unexpected need for liquidity, we could market our investment properties and properties under development for sale.

Quantitative and Qualitative Disclosure About Market Risks

We are exposed to various types of market risks, including changes in interest rate risks, foreign exchange risks and inflation risks in the normal course of business.

Interest rate

We are exposed to interest rate risk resulting from fluctuations in interest rates on our debt. Our net profit is affected by changes in interest rates due to the impact such changes may have on interest income and interest expense from short-term deposits and other interest-bearing financial assets and liabilities, including bank borrowings. We do not currently use any derivative instruments to manage our interest rate risks. A fluctuation in interest rates may also affect our prospective purchasers' ability and cost to obtain financing and depress the overall housing demand in China. The PBOC benchmark one-year lending rates in China (which directly affects interest rates on loans to property developers as well as the property mortgage rates offered by commercial banks in the PRC) as of December 31, 2017, 2018 and 2019 were 4.35%, 4.35% and 4.35%, respectively.

We cannot assure you that the PBOC will not further raise lending rates in the future or that our business, financial condition and results of operations will not be adversely affected as a result of these adjustments.

Foreign exchange

We conduct our business primarily in Renminbi. Our exposure to foreign exchange risk is principally due to our U.S. dollar or Hong Kong dollar-denominated debt and our bank deposits in the same foreign currencies. As of December 31, 2019, we had U.S. dollar-denominated debt and Hong Kong dollar-denominated debt totaling RMB34,423.3 million. As of the same date, we had aggregate bank balances denominated in Hong Kong dollars of RMB843.4 million and U.S. dollars of RMB6,875.4 million.

Fluctuations in the foreign exchange rate have had and will continue to have an impact on our business, financial condition and results of operations. On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under this policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. There remains significant international pressure on the PRC government to adopt a more flexible currency policy. On June 20, 2010, the PBOC announced its intention to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar or other foreign currency.

The PRC government may take further actions that could cause future exchange rates to vary significantly from current or historical exchange rates. A depreciation of the Renminbi would adversely affect the value of any dividends we pay to investors outside the PRC and would also result in an increase in the price of goods with imported content which we source from our suppliers. An appreciation of the Renminbi, however, would adversely affect the value of proceeds we receive from the offering of the Notes and any subsequent overseas equity or debt offering if they are not converted into Renminbi in a timely manner. Please see "Risk Factors – Risks Relating to Business Operations in the PRC – We are subject to risks presented by fluctuations in foreign currencies" for more details.

Inflation

According to the National Bureau of Statistics of China, China's overall national inflation rates, as represented by the general consumer price index, are 1.6% in 2017, 2.1% in 2018 and 2.9% in 2019. We cannot make any assurance that we will not be adversely affected by inflation or deflation in China in the future.

Non-GAAP Financial Measures

We use EBITDA to provide additional information about our operating performance. EBITDA refers to our profit before interest income, capitalized borrowing costs under cost of sales, finance costs, fair value gains/(losses) on investment properties, realised and unrealised gains/(losses) on derivative financial instruments, income tax expense, and depreciation and amortization. EBITDA is not a standard measure under HKFRS or US GAAP. As the property development business is capital intensive, capital expenditure and levels of debt and interest expenses may have a significant impact on the profit for the year of companies with similar operating results. Therefore, we believe that the investor community commonly uses this type of financial measure to assess the operating performance of companies in our industry.

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

The following table reconciles our profit for the year under HKFRS to our EBITDA for the years indicated:

	For the year ended December 31,		
	2017	2018	2019
	RMB	RMB	RMB
	(in thousands)		
Profit for the year	3,127,069	3,726,103	3,966,796
Interest income	(95,234)	(337,292)	(385,481)
Realised and unrealised (gains)/losses			
on derivative financial instruments	134,728	30,318	399
Finance costs	708,340	223,352	360,345
Capitalized borrowing costs under cost of sales	894,643	1,312,987	2,018,280
Fair value gains on investment properties	(380,069)	(165,831)	(600,546)
Impairment of goodwill	–	–	189,292
Income tax expense	3,062,991	3,008,605	2,637,705
Depreciation and amortization	<u>82,786</u>	<u>77,147</u>	<u>83,188</u>
EBITDA	<u><u>7,535,254</u></u>	<u><u>7,875,389</u></u>	<u><u>8,269,978</u></u>

You should not consider our EBITDA in isolation or construe it as an alternative to cash flows, profit or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities or any other standard measure under HKFRS or US GAAP. Our definition of EBITDA does not account for taxes and other non-operating cash expenses. Our EBITDA presented in this offering memorandum may not be comparable to similarly titled measures presented by other companies. EBITDA, as presented in this offering memorandum, also differs from Consolidated EBITDA, as defined in the Notes.

REGULATORY OVERVIEW

Set out below is an overview of key recent regulatory developments relating to the property industry in China, many of which are directed at the residential property sector.

Government Policies

In recent times the PRC government has introduced a series of macro-economic control policies designed to stabilize the property market. In April and May 2005, the PRC government brought forward a number of measures to strengthen macro-economic control of the property market and to curb speculation in the property market. These included:

- An increase of 0.27% per annum in the mortgage interest rate; and
- The introduction of a business tax and related statutory surcharges of 5.55% on the total proceeds from a sale of residential property in relation to the resale of residential property within two years after purchase.

China's State Council issued the Notice on Adjusting the Housing Supply Structure and Stabilizing Housing Prices (《關於調整住房供應結構穩定住房價格意見的通知》) on May 24, 2006, introducing additional measures aimed at curtailing speculative activity in the country's residential market and ensuring that affordable housing is provided. Some of the key provisions which took effect on June 1, 2006 are as follows:

- Mortgage lenders were required to increase the down payment requirement from at least 20% to at least 30% of the property's value for units larger than 90 sq.m.
- The business tax and related statutory surcharges of 5.55% on the total proceeds from the resale of residential property, which before June 1, 2006 was levied on resales within two years of purchase, was extended to sales within five years of purchase for all units.
- In approving housing development after June 1, 2006, the relevant local authority was directed to require units smaller than 90 sq.m. each to account for at least 70% of the total development and construction area, except where the relevant local authority has, based on the existence of special circumstances, obtained approval from the MOHURD to depart from this requirement. This restriction was further refined on July 6, 2006 clarifying that the 70% minimum could be applied on a city-wide basis by local authorities, rather than on the basis of individual developments.

In April 2006, the PBOC raised the benchmark one-year lending rate from 5.58% to 5.85% and in August 2006 further increased such rate to 6.12%. The PBOC again increased the one-year lending rate a number of times in 2007 from 6.12% to 6.39% in March 2007, from 6.39% to 6.57% in May 2007, from 6.57% to 6.84% in July 2007, from 6.84% to 7.02% in August 2007, from 7.02% to 7.29% in September 2007 and from 7.29% to 7.47% in December 2007. In a reversal of this trend, the PBOC lowered the benchmark one-year lending rate from 7.47% to 7.20% in September 2008, from 7.20% to 6.93% on October 9, 2008, from 6.93% to 6.66% on October 30, 2008, from 6.66% to 5.58% on November 27, 2008, and from 5.58% to 5.31% on December 23, 2008. However, the PBOC raised the benchmark one-year lending rate from 5.31% to 5.56% on October 20, 2010, from 5.56% to 5.81% on December 26, 2010, from 5.81% to 6.06% on February 29, 2011, from 6.06% to 6.31% on April 6, 2011, from 6.31% to 6.56% on July 7, 2011. The PBOC lowered the benchmark one-year lending rate from 6.56% to 6.31% on June 8, 2012, from 6.31% to 6.00% on July 6, 2012. On July 11, 2006, the PRC government announced a package of new regulations concerning foreign investment in real estate to further promote the sustainable development of the property market in China. Those measures applicable to foreign individuals included a requirement that buyers show that they have lived in China for a

period of at least one year and that the property in question would be occupied by such individual. Residents of Hong Kong, Macau and Taiwan and overseas Chinese are permitted to purchase houses within certain areas for self-usage. Foreign institutions will need to establish a branch or representative office to purchase property for self-usage. Among key regulations applicable to foreign businesses is a minimum capital requirement of 50% on investments greater than US\$10 million and a requirement for government approvals prior to any real estate investment.

On October 22, 2008 and September 29, 2010, the Ministry of Finance and the SAT jointly issued the Notice on Adjusting the Taxation Policies with Regard to Real Estate Transaction (《關於調整房地產交易環節稅收政策的通知》) and the Notice on Adjusting the Preferential Policies on Deed Tax and Individual Income Tax Regarding Real Estate Transaction (《關於調整房地產交易環節契稅個人所得稅優惠政策的通知》) successively, effective as of November 1, 2008 and October 1, 2010 respectively, the taxation policies stipulated by the notices are as follows:

- the stamp duty is exempted for individual residential property purchase or sale;
- the LAT is exempted for individual residential property sale;
- for individuals who purchase ordinary residential property with a floor area under 90 sq.m. as their sole family residence, the deed tax will be reduced to 1 percent; and
- for those who sell their homes and buy new ones within one year would not be eligible for reductions or exemptions on individual income tax on the profits from the sales.

On October 22, 2008, the PBOC announced the Measures to Encourage the Floating Range of the Downward Movement of Interest Rates for Individual Mortgage Loans (《關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知》). According to the measures, effective as of October 27, 2008, the minimum mortgage loan rates can be as low as 70% of the benchmark lending rates for house mortgage loans and the minimum down payment ratio is lowered to 20%. Financial institutions shall determine the lending interest rates and the down payment ratios taking into consideration factors including, without limitation, whether the buyer is a first-time buyer, whether the property is to be self-used by the buyer, whether the property is ordinary residential property and the home buyer's credit records and repayment capability. For buyers purchasing their first self-use home of ordinary residential property or buying self-use ordinary residential property for improvement, financial institutions can support the buyers' loan demands at favorable lending interest rates and down payment ratios and can appropriately raise the standards of lending for purchase of properties not for self-use or other than ordinary residential properties.

The State Council issued the Opinions on Finance to Boost the Economic Development (《關於當前金融促進經濟發展的若干意見》) on December 8, 2008, which provides for relevant credit policies and measures to be stipulated and performed to support first-time home buyers' purchases of ordinary residential properties and second-time home buyers' purchases of ordinary residential properties for improvement, experiments of real estate investment trusts to be carried out, and the financing channels for real estate developers to be broadened.

On December 20, 2008, the General Office of the State Council promulgated the Several Opinions Concerning Boosting Healthy Development of the Real Estate Market (《關於促進房地產市場健康發展的若干意見》), which provides incentives to build more residential properties for low-income urban families, encourage purchasing of ordinary residential properties, support real estate developers to actively deal with the changing market, enhance the responsibility of local governments in stabilizing the real estate market, and improve surveillance on the real estate market. The relevant policies include:

- providing favorable loan terms similar to those for first-time home buyers to second-time home buyers whose existing ordinary residence is smaller than the average size in the locality of such home buyers;
- granting business tax exemptions under certain conditions before December 31, 2009;
- supporting developers' reasonable financing needs and increasing credit help for developers of low-price property units catering to low-income groups; and
- abolishing the urban real estate tax (城市房地產稅) and applying the Interim Regulations of the People's Republic of China on Real Estate Tax (《中華人民共和國房產稅暫行條例》) to all domestic enterprises, foreign-invested enterprises and individuals.

The PBOC increased its benchmark lending rates two times in 2010 and three times in 2011. However, the PBOC decreased its benchmark lending rates two times and the benchmark lending rate for loans with a term of over five years was decreased to 6.55% on July 6, 2012.

On December 31, 2008, the State Council announced that as of January 1, 2009, the Provisional Regulations on Urban Real Estate Tax (《城市房地產稅暫行條例》) is repealed and the Interim Regulations of the People's Republic of China on Real Estate Tax (《中華人民共和國房產稅暫行條例》) is to be applied to all domestic enterprises, foreign-invested enterprises and individuals.

On May 25, 2009, the State Council issued the Circular of the State Council Concerning the Adjustment of 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》), decreasing the minimum percentage of capital funding for any affordable housing projects and ordinary commodity residential properties from 35% to 20%. The minimum percentage of capital funding for other real estate development projects has been decreased from 35% to 30%.

On November 18, 2009, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the PRC Ministry of Supervision and PRC National Audit Office jointly issued the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (《關於進一步加強土地出讓收支管理的通知》), which raises the minimum down payment on land premiums to 50% of the total premium and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

In January 2010, the General Office of the State Council issued a Notice on Facilitating the Stable and Healthy Development of Property Market (《關於促進房地產市場平穩健康發展的通知》), which requires a family (including a borrower, his or her spouse and children under 18), which has already purchased a residence using mortgage financing and has applied to purchase a second or more residences using mortgage financing, to make a minimum down payment of 40% of the purchase price.

On March 8, 2010, the Ministry of Land and Resources issued the Circular on Strengthening Real Estate Land Supply and Supervision (《關於加強房地產用地供應和監管有關問題的通知》), which set the minimum land premium at no less than 70% of the benchmark price of the locality where the parcel of land is granted, and the bidding deposit at not less than 20% of the minimum land premium. Additionally, a land grant contract is required to be entered into within 10 working days after the land grant deal is closed, and the down payment of 50% of the land premium is to be paid within one month of signing the land grant contract, with the remaining amount to be paid in full within one year of the date of the land grant contract in accordance with provisions of such land grant contract.

On April 6, 2010, the State Council issued the Several Opinions on Further Enhancing the Utilization of Foreign Investment (《關於進一步做好利用外資工作的若干意見》), which provides that projects with total investment (including capital increase) of less than US\$300 million within the category of industries in which foreign investment is encouraged or permitted as listed in the Catalog of Guidance on Industries for Foreign Investment (《外商投資產業指導目錄》), may be approved by local governments, except for those required to be approved by relevant departments of the State Council under the Catalogue of Investment Projects Approved by the Government (《政府核准的投資項目目錄》).

On April 17, 2010, the State Council issued the Notice on Firmly Preventing Overly Fast Growth of Real Property Price in Certain Cities (《國務院關於堅決遏制部分城市房價過快上漲的通知》), which stipulated that a purchaser's down payment for such purchaser's first property purchase shall not be less than 30% of the purchase price if the property is larger than 90 sq.m.; a purchaser's down payment for such purchaser's second property purchase using mortgage loans shall not be less than 50% of the purchase price and the loan interest rate shall not be less than 110% the benchmark lending rate published by the PBOC; and a purchaser's down payment and interest rate shall significantly increase for such purchaser's third and additional property purchases using mortgage loans. In addition, in areas with short supply in commodity residential properties and rapid price increases, banks may suspend the granting of mortgage loans for the third and additional property purchases using mortgage loans or to non-residents who cannot provide proof of tax or social security insurance payments for more than one year. The local governments may adopt interim measures restricting the maximum amount of residential properties that may be purchased.

On June 10, 2010, MOFCOM released the Notice on Issues Concerning Delegating the Examination and Approval Authority for the Foreign Investment (《關於下放外商投資審批權限有關問題的通知》). Under the notice, the relevant local branches of MOFCOM are granted the power to examine, approve and administer the establishment and modification of (i) foreign invested enterprises that are within the encouraged and permitted categories under the Foreign Investment Industrial Guidance Catalog, with a total investment of no more than US\$300 million, and (ii) foreign invested enterprises which are within the restricted category under the Foreign Investment Industrial Guidance Catalog, with a total investment of no more than US\$50 million.

On May 23, 2012, the Ministry of Land and Resources issued the Catalogue of Restricted Use of Land (2012 Version) (《限制用地項目目錄(2012年本)》), pursuant to which (i) the area of a parcel of land granted for commodity housing development may not exceed seven hectares in small cities (towns), 14 hectares in medium size cities or 20 hectares in large cities and (ii) the plot ratio shall not be less than one.

On February 26, 2013, the General Office of the State Council issued the Notice on Further Improving the Regulation and Control 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》) provides that, with a view to continuing the regulation of the real estate market in 2013 and promoting the stable and healthy development of the real estate market, the following measures shall be taken:

- Prices in the real estate market shall be stabilized;
- Purchases of homes for investment purchases shall be restricted and the policies of the differentiated housing credit extension shall continue to be strictly enforced. Tax authorities shall closely cooperate with departments of housing and urban-rural development to levy individual income tax, which is payable on the sales of owner-occupied houses at 20% of the transfer income if the original value of the house sold can be verified through historical information such as tax collection and administration, house registration;
- The supply of ordinary commercial housing and land for housing construction shall be increased;

- The planning and construction of affordable housing projects shall be accelerated; and
- Market regulation and expectation management shall be strengthened. From 2013 onward, all regions shall (a) raise the pre-sale threshold for commercial housing; (b) reinforce the management of commercial housing pre-sale licensing regarding project investment, project image and progress, more accurately determining the delivery deadline to guide real estate developers to rationally determine house prices; and (c) steadily push forward reform of the commercial housing pre-sale system.

On June 24, 2014, MOFCOM and SAFE jointly issued the Notice on Improving the Registration of Foreign Investment in Real Estate (關於改進外商投資房地產備案工作的通知) effective from August 1, 2014 to simplify the procedures of registration of foreign investment in real estate.

On August 19, 2015, MOHURD, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued the Notice on Adjusting the Admittance and Administration of Foreign Capital 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). This Notice amended the registered capital requirement in the 171 Opinion and stipulates that when a foreign investor establishes a property development enterprise in China in which (i) the total investment amount is more than US\$10.0 million and less than US\$30.0 million, such enterprise's registered capital must not be less than 40% of its total investment amount; (ii) the total investment amount is less than US\$12.5 million, such enterprise's registered capital must not be less than US\$5.0 million; (iii) the total investment amount is US\$30.0 million or more, such enterprise's registered capital must not be less than 33.3% of its total investment amount; and (iv) the total investment amount is less than US\$36.0 million, such enterprise's registered capital must not less than US\$12.0 million.

On November 6, 2015, MOFCOM and SAFE jointly issued the Notice on Further Improving the Registration of Foreign Investment in Real Estate (關於進一步改進外商投資房地產備案工作的通知) effective from November 6, 2015 to cancel the registration procedures of foreign investment in real estate.

On September 3, 2016, National People's Congress Standing Committee adopted a decision on amending the relevant laws in relation to foreign invested companies, which became effective on October 1, 2016. Upon the effectiveness of the decision, the establishment of the foreign invested enterprise (including foreign invested property development enterprise) and its subsequent changes will be required to file with relevant authorities instead of obtaining approvals from relevant commerce authorities, except for the foreign invested enterprises which are subject to special administrative measures regarding foreign investment entry.

Land acquisition

As all land in the PRC is either state-owned or collectively-owned, interests in land consist of land use rights, under which individuals and corporate entities may hold rights for investment or development purposes or transfer their interests to other parties. Individuals and corporate entities may acquire land use rights in a variety of ways, the two most important being land grants from local land authorities and land transfers from land users who have already obtained land use rights. Regulations issued by the PRC Ministry of Land and Resources in May 2002 provide that land use rights for property to be used for commercial purposes, including business, tourism, entertainment and residential properties, may be granted by the PRC government only through public tender, auction or listing-for-sale. These regulations also govern the public tender, auction or listing-for-sale process. Regulations issued by the PRC Ministry of Land and Resources in June 2003 govern the granting of land use rights by the PRC government by private agreement, where the designated use is other than for commercial purposes. Under current regulations, grantees of land use rights are generally allowed to

dispose of the land use rights granted to them in the secondary market, *provided that* they have made some corresponding investment or exploration in accordance with the land grant contract and relevant statutory requirements.

On September 12, 2014, the Ministry of Land and Resources issued the Guidelines on Improving Economical and Intensive Use of Land (《關於推進土地節約集約利用的指導意見》), which require to reinforce the rules regarding idle land and to specify the controlling requirements of the land use standards in the relevant legal documents, including land use approvals and land grant contracts.

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

Our ability to acquire land use rights and develop future projects may be adversely affected by present and future PRC laws and regulations. Please see “Risk factors – Risks relating to our business” for more details.

Recent measures on stabilization of property prices

In light of increasing speculation and investment in the PRC property market, and resultant rapid increases in property prices, the PRC government has, since 1994, implemented a series of control measures aimed at discouraging speculation in the property market. These also have the wider purpose of reducing the growth rate of China’s economy and promoting balanced and sustainable economic growth. The PRC government has introduced austerity measures to reduce speculation in the PRC property market, including:

- limiting the monthly mortgage payment to 50% of an individual borrower’s monthly income and limiting all monthly debt service payments of an individual borrower to 55% of his or her monthly income;
- increasing the minimum required capital contribution of real estate developers from 20% to 35% of the total projected capital outlay of any property development;
- increasing the reserve requirement ratio of funds that a commercial bank must hold on deposit progressively from 7% to 17.5% (effective from June 25, 2008 to September 24, 2008), effectively reducing the amount of money a bank is able to lend. Effective on September 25, 2008, the PBOC decreased the reserve requirement ratio to 16.5% for commercial banks other than the Industrial and Commercial Bank of China (中國工商銀行), the Agricultural Bank of China (中國農業銀行), the Bank of China (中國銀行), the China Construction Bank (中國建設銀行), the Bank of

Communications (中國交通銀行) and the Postal Savings Bank (郵政儲蓄銀行), and to 15.5% for commercial banks in areas hit by the May 12, 2008 earthquake in Sichuan, China. Effective on October 15, 2008, the PBOC further decreased the reserve requirement ratio by 0.5%. Effective on December 5, 2008, the PBOC decided to cut the reserve requirement ratio of the Industrial and Commercial Bank of China (中國工商銀行), the Agricultural Bank of China (中國農業銀行), the Bank of China (中國銀行), the China Construction Bank (中國建設銀行), the Bank of Communications (中國交通銀行) and the Postal Savings Bank (郵政儲蓄銀行), by 1% to 16.0%, the reserve requirement ratio for the smaller commercial banks by 2% to 14.0% and adopt a preferential reserve requirement ratio for rural commercial banks and commercial banks in areas hit by the May 12, 2008 earthquake in Sichuan, China. Effective on December 25, 2008, the PBOC further decreased the reserve requirement ratio by 0.5%. The PBOC increased the reserve requirement ratio again on January 8, 2010 and February 25, 2010, in each case by 0.5%. On May 2, 2010, the PBOC announced a further increase in the reserve requirement ratio for all commercial banks in the PRC of 0.5% effective from May 10, 2010, and in October 2010, there were reports of another increase of 0.5% for six commercial banks for a period of two months. The PBOC further increased the reserve requirement ratio for commercial banks two times in November 2010, in each case by 0.5% and one time in December 2010 by 0.5%. The PBOC increased the reserve requirement ratio for commercial banks six times in 2011, in each case by 0.5%. Effective on December 5, 2011, the PBOC decreased the reserve requirement ratio by 0.5%. The PBOC decreased the reserve requirement ratio again on February 24, 2012 and May 18, 2012, in each case by 0.5%; and

- tightening regulations governing mortgage lending and restricting approval of new development zones.

In particular, on April 30, 2005, the MOHURD, the NDRC, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the SAT and the CBRC jointly promulgated the Opinion on Duly Stabilizing the Prices of Residential Properties (《關於做好穩定住房價格工作的意見》) (the “Opinion”), setting out guidelines for the relevant PRC authorities to stabilize rapid growth in the residential property market. These guidelines were later reflected in a set of new measures which are aimed at directly controlling the growth of the real estate industry, including:

- commencing June 1, 2005, a business tax levy on the sales proceeds subject to the length of holding period and type of property;
- a ban on onward transfer of uncompleted properties;
- the imposition of an idle land fee for land which has not been developed for one year starting from the commencement date stipulated in the land grant contract and cancellation of the land-use right for land which remains idle for two years or more;
- a revocation of planning permits for projects which do not comply with the relevant planning permits; and
- a ban on land provision for villa construction and a restriction on land provision for high-end residential property construction.

In 2006, the PRC government implemented a series of new measures on land supply, bank mortgage finance, taxation and other aspects with an aim to slow down the increase in real property prices, to encourage development of more low- and middle-end properties and to promote a better environment for the growth and development of the PRC property industry. The new measures included:

- an increase in interest rates for mortgage loans;
- a requirement that residential units with a floor area of less than 90 sq.m. shall account for over 70% of the total area of residential units which are approved and constructed in each city after June 1, 2006. Local governments will have authority to determine construction of new commercial buildings;
- a business tax to be levied on the total sale value of residential property sold within five years of its purchase, as well as a business tax to be levied on any gains from the sale of residential properties, which are not deemed to be ordinary residential properties, after five years of their purchase by an individual;
- with effect from June 1, 2006, the minimum down payment for individual residential property mortgages shall be 30% of the total purchase price, except for low-income purchasers purchasing residential units with a floor area of less than 90 sq.m.; and
- with effect from August 1, 2006, definitions are set out on property values for different types of residential property for computing taxable gains for individual income tax on the transfer of residential property and reasonable deductible costs with a cap on each such allowable cost.

On July 11, 2006, the MOHURD, the MOFCOM, the NDRC, the PBOC, the SAIC and the SAFE jointly issued the Opinion on Regulating the Access and Administration of Foreign Capital in the Property Market (《關於規範房地產市場外資准入和管理的意見》) (the “171 Opinion”) which was amended on August 19, 2015. The 171 Opinion aims to regulate the access to the property market of foreign investors and to strengthen the administration of real estate purchases by foreign invested enterprises. The 171 Opinion provides, among others, that offshore entities without an onshore branch or representative agency, or foreign individuals who have studied or worked in the PRC for less than one year, are not allowed to purchase commercial properties and residential properties.

According to the Notice of the Ministry of Land and Resources on Relevant Issues Concerning the Strengthening of Examination and Approval of Land Use in Urban Construction (《國土資源部關於加強城市建設用地審查報批工作有關問題的通知》) promulgated by the Ministry of Land and Resources on September 4, 2003, from the day of issuance of the Notice, the grant of land use rights for luxurious commodity properties shall be stringently controlled, and applications of land use rights for villas will no longer be accepted. The land parcels for our projects under development which include villas have been granted by relevant government authorities prior to the promulgation of such notice. In order to comply with such notice as well as other relevant PRC regulations, we do not intend to obtain lands in the future to develop villas. The directors do not believe such notice has had or will have a material adverse impact on our business and our strategies.

On July 29, 2008, the PBOC and CBRC jointly issued the Notice Relating to the Financial Promotion of Economized and Intensive Land Use (《關於金融促進節約集約用地的通知》). The major provisions of the notice are as follows:

- Land funded by a loan shall be obtained legally, in compliance with general land use planning, urban and rural planning, and the relevant industry planning. In the case of new land for development, such land must also fit into the annual land use schedule. It is forbidden to extend a

loan to a project which does not comply with the relevant planning requirements, or to a project not in compliance with relevant PRC land laws and regulations. It is strictly forbidden to extend loans to any project listed on the National Forbidden Land Use Projects List (《禁止用地項目目錄》). In the event that a loan has already been extended to such a project, the bank in question must take necessary remedial measures, and gradually withdraw said loan. With regard to projects listed on the National Restricted Land Use Projects List (《限制用地項目目錄》), loans should be extended with due caution.

- It is forbidden to extend loans to real estate development enterprises to be used exclusively for the payment of land premiums. For land reserve loans in which a mortgage has been taken out, legal land use rights certification must be obtained. In such cases, the mortgage rate shall not exceed 70% of the overall estimated value of the mortgaged property, and the terms of such loans shall, in principle, not exceed two years. Due caution should be taken in extending loans to enterprises which have exceeded the construction period as stipulated in the land grant contract by more than one year, have developed less than one third of the land in question, or have invested less than one fourth of the agreed capital. In addition, strict controls should be employed when extending the terms of loans or rolling over credit to such enterprises. It is forbidden to extend loans to, or accept construction land which has been classified as idle by the land authorities for two years or more as collateral from real estate projects.

In the fourth quarter of 2008, as part of the response to the current global economic crisis, the PRC government announced a RMB4 trillion fiscal stimulus package to be funded by both the public and private sectors. The NDRC has outlined that the planned spending will be directed to certain key areas including public infrastructure and low-income housing. It is believed that the main beneficiaries of the fiscal stimulus package will include PRC construction companies, cement and steel companies, property developers and investors. As of April 2009, a total amount of RMB2.3 trillion was injected under the fiscal stimulus package, mainly into the construction of low-income housing and hospitals, sewage systems, railways and energy efficiency projects.

On November 18, 2009, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the PRC Ministry of Supervision and PRC National Audit Office jointly issued the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant (《關於進一步加強土地出讓收支管理的通知》), which raises the minimum down payment on land premiums to 50% of the total premium and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions.

On March 8, 2010, the Ministry of Land and Resources issued the Circular on Strengthening Real Estate Land Supply and Supervision (《關於加強房地產用地供應和監管有關問題的通知》), which set the minimum land premium at no less than 70% of the benchmark price of the locality where the parcel of land is granted, and the bidding deposit at not less than 20% of the minimum land premium. Additionally, a land grant contract is required to be entered into within 10 working days after the land grant deal is closed, and the down payment of 50% of the land premium is to be paid within one month of signing the land grant contract, with the remaining amount to be paid in full within one year of the date of the land grant contract in accordance with provisions of such land grant contract. Furthermore, pursuant to the circular, the administrator of land and resources of cities and counties shall establish a mechanism for developers to report the commencement and completion of construction projects. Under such mechanism, the developers shall report in writing to relevant administrator of land and resources at the commencement and completion of the construction project, and shall report the reasons for delay, if any, to the relevant administrator of land and resources no later than 15 days prior to the stipulated commencement or completion date. The identity of any developer who fails to report accordingly shall be disclosed to the public and such developer shall be prohibited from participating in any

new transactions of land grant for at least one year. Relevant administrations of land and resources shall settle any delay in commencement and completion pursuant to original contracts and then may continue administrating the construction of such project after incorporating additional provisions to land use right granting contracts or executing supplemental contracts with the developer.

On April 14, 2010, the Executive Meeting of the State Council adopted a series of new measures to prevent the rapid increase in property prices in certain cities. The new measures, among others, include:

- implementing differential mortgage loan policies for different types of property purchasers. For a family (including the purchaser, his or her spouse and children under 18) which purchases such family's first residential property through mortgage financing, the minimum down payment shall be 30% of the purchase price if such property has a unit floor area of 90 sq.m. or more. For any second-time property purchaser that uses mortgage financing, the minimum down payment shall be increased to 50% of the purchase price and the minimum mortgage loan interest rate shall be 110% the relevant benchmark lending interest rate. Additionally, the ratio of minimum down payment to the purchase price and the minimum mortgage loan interest rate shall be increased substantially for purchasers who use mortgage financing to purchase a third or additional residential properties. The exact minimum down payment and minimum mortgage loan interest shall be determined by commercial banks according to risk control principles;
- increasing the supply of residential properties. For cities where property prices increase too rapidly, the government shall increase the total supply of land used for residential property development. The idle land shall be forfeited timely in accordance with laws and shall then be primarily used to develop ordinary residential properties. According to the Measures on Disposal of Idle Land, which was promulgated on April 28, 1999 and amended on June 1, 2012 (《閒置土地處置辦法》), where that the land is found as "idle land" after investigation, relevant municipal or county land administrative authorities (the "Land Administrative Authorities") shall issue an Idle Land Affirmation Notice and implement the disposal of idle land accordingly. Besides competitive bidding, auction and listing-for-sale, the government shall study and consider other measures to grant land use right, including but not limited to, comprehensive evaluation of bids, one-time bidding and mutual bidding, to prevent the irrational increase of land use right price; and
- strengthening the regulation of property market. The authorities in charge of land and resources shall, in accordance with relevant laws and regulations, strictly punish developers who hold idle land or speculate in land, and prohibit offenders from participating in land use right grant transactions. Additionally, developers who hold idle land or speculate in land shall not be granted bank loans for the development of new property projects. Such developers' applications for listing of shares, refinancing and reconstructing material assets shall be suspended by the China Securities Regulatory Commission. The authorities in charge of urban and rural construction shall punish developers who purposely hoard properties or bid up property prices more severely, disclose the identities of such developers to the public and revoke serious offenders' property development qualifications. Relevant responsible individuals of developers that violate these laws or regulations shall be punished.

Subsequently, on April 17, 2010, the State Council issued the Notice on Firmly Preventing Overly Fast Growth of Real Property Price in Certain Cities (《國務院關於堅決遏制部分城市房價過快上漲的通知》) restating the measures adopted on April 14, 2010 and promulgating several new measures. These new measures, among others include:

- In regions where the price of residential properties is too high, increases too rapidly and that have a shortage in the supply of residential properties, commercial banks may discontinue granting mortgage loans to purchasers who purchase a third or additional properties; commercial banks shall discontinue granting mortgage loans to purchasers who are not local residents and cannot provide evidence of their payments of taxes or social security insurance in the local area for more than one year; and the local government may adopt interim measures restricting the maximum amount of residential properties that may be purchased;
- certain provisions shall be incorporated in the land use right grant contracts, including but not limited to, the price, amount of units and unit floor area of the residential properties to be sold, the percentage of supportive properties to be constructed, the commencement and completion date of the project and the liabilities for defaults in performing the agreement; and
- shareholders of property developers shall not illegally lend money, transfer funds raised by loans, provide guarantees or provide other financing facilities to the developers while such developers are tendering for land or developing properties. In addition, the developers of projects which file the sale of existing properties with the government or to which pre-sale permits are granted, shall disclose all properties held under the projects within certain periods and sell properties only at the price filed with the government.

On September 21, 2010, the Ministry of Land and Resources and MOHURD jointly issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction (《關於進一步加強房地產用地和建設管理調控的通知》), which stipulates, among other things, that the planning and construction conditions and land use standards should be specified when a parcel of land is to be granted, and the restrictions on the area of any parcel of land granted for commodity properties should be strictly implemented. The development and construction of large low-density residential properties should be strictly restricted, and the floor area ratio for residential land is required to be more than 1.0. In addition, a property developer and its shareholders will be prohibited from participating in any bidding to acquire additional land until any illegal behavior in which it has engaged, such as allowing its land to remain idle for more than one year, has been completely rectified.

To strengthen property market regulation and enhance the implementation of these existing policies, on September 29, 2010, the PBOC and CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》), according to which the minimum down payment was raised to 30% for all first home purchases, and commercial banks throughout China were required to suspend mortgage loans for purchases of a customer's third residential property and beyond.

On September 29, 2010, the Ministry of Finance, the SAT and MOHURD jointly issued the Notice to Adjust the Preferential Policies on Deed Tax and Individual Income Tax Regarding Real Estate Transaction (《關於調整房地產交易環節契稅個人所得稅優惠政策的通知》), according to which, as of October 1, 2010, the deed tax for individuals who purchase ordinary residential property with a floor area under 90 sq.m. as their sole family residence, will be reduced to 1 percent, and those who sell their homes and buy new ones within one year would not be eligible for reductions or exemptions on individual income tax on the profits from the sales.

On September 30, 2010, the Xiamen Municipal Resources and Housing Administrative Bureau, Xiamen Municipal Bureau of Finance, Xiamen Construction and Administration Bureau, Xiamen Local Taxation Bureau, Xiamen State Taxation Bureau, Xiamen Branch of PBOC, and Xiamen Office of CBRC jointly issued the Circular on Implementing Macro Control Policies over Real Estate Issued by Five Ministries of Central

Government and Boosting the Sustained and Healthy Development of Real Estate Market of Xiamen (《關於貫徹落實住建部等五部委房地產宏觀調控政策、促進我市房地產業持續健康發展的意見》), which provides, among other things, that as of October 1, 2010, a family (including the purchaser and his or her spouse and minor children) will be allowed to purchase only one new commodity residential property (including newly developed and second hand residential properties) within Xiamen. Subsequently in 2011 and 2013, the Office of Xiamen Municipal Government issued further notices to strengthen the implementation of the above measures and impose stricter restrictions.

On October 7, 2010, the People's Government of Shanghai approved and issued the Measures on Further Strengthening the Control over Real Estate Market of Shanghai and Accelerating the Works on Housing Security (《批轉關於進一步加強本市房地產市場調控加快推進住房保障工作若干意見的通知》), according to which, as of October 7, 2010, a family (including the purchaser and his or her spouse and minor children) in Shanghai or other cities, will be allowed to purchase only one new commodity residential property within Shanghai. Subsequently in 2011 and 2013, the Office of Shanghai Municipal Government issued further notices to strengthen the implementation of the above measures and impose stricter restrictions.

On October 10, 2010, the Office of Fuzhou Municipal Government issued the Supplementary Notice on Further Implementing Policies Issued by the State Council and Firmly Curbing Too Rapidly Increasing Housing Price (《關於進一步貫徹落實國務院文件精神堅決遏制房價過快上漲的補充通知》), which stipulates that, during the period from October 10, 2010 to December 31, 2010, a family (including the purchaser and his or her spouse and minor children) whose members are residents of Fuzhou, will be allowed to purchase only one new commodity residential property within the five districts of Fuzhou. Families whose members are residents of Fuzhou and own two or more residential properties in Fuzhou, families whose members are not residents of Fuzhou and own one or more residential properties in Fuzhou, and those who cannot provide proof of payment of taxes or social security insurance for more than one year in Fuzhou, are banned from purchasing commodity residential properties within the five districts of Fuzhou. Subsequently in 2011 and 2013, the Office of Fuzhou Municipal Government issued further notices to strengthen the implementation of the above measures and impose stricter restrictions.

On May 23, 2012, the Ministry of Land and Resources issued the Catalogue of Restricted Use of Land (2012 Version Supplement) (《限制用地項目目錄(2012年本)》), pursuant to which (i) the area of a parcel of land granted for commodity housing development may not exceed 7 hectares in small cities (towns), 14 hectares in medium size cities or 20 hectares in large cities and (ii) the plot ratio shall not be less than one.

On February 26, 2013, the General Office of the State Council issued the Notice on Further Improving the Regulation and Control 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》). For further details, see “– Government Policies.” Subsequently, certain local governments including without limitation the governments of Xiamen, Shanghai, Hefei, Tianjin and Fuzhou have respectively issued their rules to implement the Notice on Continuing to Effectively Regulate the Real Estate Market. In September 2015, the State Council issued a Notice to Adjust and Promote the System of Capital Fund for Investment Projects in Fixed Assets (《關於調整和完善固定資產投資項目資本金制度的通知》), under which the minimum capital ratio remains 20% for affordable housing projects and ordinary commodity residential projects, and is decreased to 25% for other property projects.

On September 30, 2016, the General Office of Tianjin Municipal People's Government issued the Implementing Opinion on Further Facilitating the Stable and Healthy Development of Property Market of Tianjin (《關於進一步促進我市房地產市場平穩健康發展的實施意見》), according to which, from October 11, 2016, sale of the residential property (including newly-built commodity housing and second-hand housing) within the six districts of Tianjin to the non-registered resident households in the Municipality which have owned one unit of residential property in Tianjin shall be temporarily suspended.

On February 13, 2017, the Asset Management Association of China issued the No.4 Administrative Rules for the Filing of Private Equity and Asset Management Plans Issued by Securities and Futures Institutions (《證券期貨經營機構私募資產管理計劃備案管理規範第4號》) which stops the filing of private equity and asset management plans of securities and futures institutions which investing into the ordinary residential real estate projects in 16 cities including Beijing, Shanghai, Guangzhou, Hefei, Suzhou, Hangzhou, Tianjin, Wuhan, Chengdu etc. It also prevents private equity and asset management plans from funding real estate development enterprises to pay land premium or supply working capital through multiple ways, including but not limited to entrusted loans, trust plans and receiving beneficial right of the assets.

Measures on Foreign Investment

According to the Foreign Investment Industrial Guidance Catalogue (《外商投資產業指導目錄》) promulgated by MOFCOM and NDRC on November 30, 2004, effective on January 1, 2005, (i) the development and construction of ordinary residential properties falls within the category of industries in which foreign investment is encouraged, (ii) the development of whole land lots (limited to equity joint ventures and cooperative joint ventures) as well as the construction and management of high-class hotels, villas, premium office buildings, international conference centers, theme parks and golf courses falls within the category of industries in which foreign investment is subject to restrictions, and (iii) other property development falls within the category of industry in which foreign investment is permitted. On October 31, 2007, the MOFCOM and the NDRC jointly issued the new Foreign Investment Industrial Guidance Catalogue effective December 1, 2007, under which the development and construction of ordinary residential properties is removed from the category of industry that foreign investment is encouraged, whereas the secondary market transactions in property sector, by property intermediaries or agents fall under the category of industry that foreign investment is subject to restrictions and the construction and management of golf courses is forbidden from foreign investment. On December 24, 2011, the MOFCOM and the NDRC jointly issued the Foreign Investment Industrial Guidance Catalogue effective January 30, 2012, under which the construction and management of villa is removed from the category of industry that foreign investment is restricted to the category of industry that foreign investment is forbidden. On March 10, 2015, the MOFCOM and the NDRC jointly promulgated the Foreign Investment Industrial Guidance Catalogue (2015 version) effective from April 10, 2015, under which the construction of golf courts and villas falls within the category of industries in which foreign investment is prohibited, construction and operation of large theme parks falls within the restricted category, and other real estate development falls within the category of industries in which foreign investment is permitted. On June 28, 2017, the MOFCOM and the NDRC jointly promulgated the Foreign Investment Industrial Guidance Catalogue (2017 version) effective from July 28, 2017, under which the construction of golf courts and villas is removed from the category of industry in which foreign investment is prohibited and construction and operation of large theme parks is removed from the category of industry in which foreign investment is restricted. However, the construction of golf courts and villas by either foreign investors or domestic investors are still prohibited by relevant PRC regulations.

On May 23, 2007, the MOFCOM and the SAFE issued the Notice on Further Strengthening and Regulating the Approval and Supervision on Foreign Direct Investment in Real Estate Sector (《關於進一步加強規範外商直接投資房地產業審批和監管的通知》), which was amended on October 28, 2015 and provides, among other things, as follows:

- foreign investment in the property sector in the PRC relating to upscale properties should be strictly controlled;

- an applicant for establishing a property company shall acquire the land use right or the ownership of real property or building, or conclude a contract on the advance assignment/purchase of the land use right or building property right with the relevant administrative department of land, land developer or owner of the building property right. The examining and approving organ may not approve the application of any applicant that fails to satisfy the above-mentioned requirement;
- where an established foreign-invested enterprise intends to enter the property development or operation business or where a foreign-invested property enterprise intends to engage in a new property development or operation project, it shall apply to the examining and approving organ for extending its business scope or enlarging its business scale in accordance with the relevant laws and regulations governing foreign investment;
- the merger of or investment in domestic property enterprises by way of return on investment (including the same actual controller) shall be placed under strict control. No overseas investor may avoid subjecting its foreign investment in the property industry to examination and approval by means of changing the actual controller of any domestic property enterprise. Where the administrative department of foreign exchange discovers that any foreign-invested property enterprise is illegally established through illegal means as malicious evasion or false statement, the department shall investigate its activities involving the illegal outward remittance of capital and income therefrom and subject it to the liabilities for obtaining foreign currency under false pretenses and not turning over foreign currency owed to the government;
- overseas investors engaging in the property development or operation business in China shall observe the principle of commercial presence, apply for establishing foreign-invested property enterprises according to law and engage in the relevant business within the authorized business scope. Neither the Chinese party nor the foreign party of any foreign-invested property enterprise may enter into any clause directly or indirectly ensuring a fixed return for either party;
- local examining and approving organs shall file the approval of the establishment of foreign-invested property enterprises with MOFCOM for record in a timely manner according to law;
- no administrative department of foreign exchange or designated bank of foreign exchange may handle formalities for the sales and settlement of foreign exchange under the capital account for any foreign-invested property enterprise that fails to go through the formalities for filing with the MOFCOM for record or failing to pass the annual joint inspection on foreign-invested enterprises; and
- where any local examining and approving department illegally approves the establishment of any foreign-invested property enterprise, the MOFCOM shall find out the violation and give punishment accordingly to correct it. No administrative department of foreign exchange may handle formalities for foreign exchange registration for any illegally established foreign-invested property enterprise.

In April 2013, SAFE promulgated Operating Guidelines for Foreign Debt Registration Administration (《外債登記管理操作指引》) which became effective on May 13, 2013, was amended on May 4, 2015 and stipulate, among other things, that the SAFE will no longer process foreign debt registration or foreign exchange settlement for foreign debt for foreign invested real estate enterprises that obtained approval certificates from and filed with MOFCOM on or after June 1, 2007.

On June 18, 2008, the MOFCOM issued the Circular on Duly Filing of Foreign Investment in Property Sector (《關於做好外商投資房地產備案工作的通知》) effective on July 1, 2008 to implement the above mentioned PRC laws and regulations concerning the filings of foreign-invested property enterprises with MOFCOM.

On April 6, 2010, the State Council issued the Opinions on Further Enhancing the Utilization of Foreign Investment (《關於進一步做好利用外資工作的若干意見》), which provides that, the projects with total investment (including capital increase) less than US\$300 million within the category of industries in which foreign investment is encouraged or permitted as listed in the Catalog of Guidance on Industries for Foreign Investment (《外商投資產業指導目錄》), may be approved by local governments, except for those required to be approved by relevant departments of the State Council under the Catalogue of Investment Projects Approved by the Government (《政府核准的投資項目目錄》).

On June 10, 2010, MOFCOM released the Notice on Issues Concerning Delegating the Examination and Approval Authority for the Foreign Investment (《關於下放外商投資審批權限有關問題的通知》). Under the notice, the relevant local branches of the MOFCOM are granted the power to examine, approve and administer the establishment and modification of (i) foreign invested enterprises which are within the encouraged and permitted categories under the Foreign Investment Industrial Guidance Catalog with a total investment of no more than US\$300 million, and (ii) foreign invested enterprises which are within the restricted category under the Foreign Investment Industrial Guidance Catalog with a total investment of no more than US\$50 million.

On November 22, 2010, MOFCOM promulgated the Notice on Strengthening Administration of the Approval and Registration of Foreign Investment into Real Estate Industry (《商務部辦公廳關於加強外商投資房地產審批備案管理的通知》), which provides that, among other things, in the case that a real estate enterprise is established in China with foreign capital, it is prohibited to purchase and/or sell real estate properties completed or under construction for arbitrage purposes. The local MOFCOM authorities are not permitted to approve investment companies to engage in the real estate development and management.

On June 24, 2014, MOFCOM and SAFE jointly issued the Notice on Improving the Registration of Foreign Investment in Real Estate (《關於改進外商投資房地產備案工作的通知》) effective from August 1, 2014 to simplify the procedures of registration of foreign investment in real estate.

Under the Measures for the Administration of the Approval and Record Filing of Foreign Investment Projects (《外商投資項目核准和備案管理辦法》) promulgated by NDRC on May 17, 2014 and came into force on June 17, 2014, and further revised and effective as of December 27, 2014, NDRC is responsible for the approval of encouraged projects with a total investment (including capital increase) of US\$1,000 million and above, which are projects required to be controlled by a Chinese shareholder under the Guidance Catalog, and restricted projects (excluding real estate projects) with a total investment (including capital increase) of US\$100 million and above. Projects with a total investment (including capital increase) of US\$2,000 million and above are required to be filed with the State Council. Provincial governments are responsible for the approval of real estate projects within the restricted category under the Guidance Catalog and other restricted projects with a total investment (including capital increase) of not more than US\$100 million. Local government is responsible for the approval of encouraged projects with a total investment (including capital increase) of not more than US\$1,000 million, which is required to be controlled (including relatively controlled) by a Chinese shareholder under the Guidance Catalog.

On March 30, 2015, SAFE issued the Notice on the Reform of the Administration of Foreign Exchange Registered Capital Settlement for Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) effective from June 1, 2015, under which a reform on the administration of foreign exchange capital settlement for foreign-invested enterprises is carried out in China and foreign-invested

enterprises may make equity investments within China by utilizing the RMB funds converted from their foreign exchange registered capital. Besides the remittance of equity transfer payments in the original foreign currency, foreign-invested enterprises mainly engaged in investment activities (including foreign investment companies, foreign-invested venture capital enterprises and foreign-invested equity investment enterprises) are permitted to directly convert foreign capital funds into RMB funds or transfer the RMB funds converted from the foreign capital account to the bank account of the investee enterprise based on the actual investment scale on the premise that the domestic investment projects are authentic and in compliance. Equity investments within China remitted through equity transfer payments in the original foreign currency by general foreign-invested enterprises other than the above enterprises are governed by the current domestic reinvestment laws and regulations. If such foreign-invested enterprises make equity investments in China by using converted RMB funds, the investee enterprise is required to first register this domestic reinvestment activity with the administration of the foreign exchange (bank) of its place of incorporation and open a corresponding RMB account for depositing the converted RMB funds. The foreign-invested enterprises is then required to transfer the converted RMB funds into the RMB account of the investee enterprise based on the actual investment scale. If the investee enterprise continues to make equity investments in China, the above principles will apply. On June 9, 2016, SAFE issued the Notice to Reform and Regulate the Administration Policies of Foreign Exchange Capital Settlement (《關於改革和規範資本項目結匯管理政策的通知》) to further reform foreign exchange capital settlement nationwide.

On August 19, 2015, MOHURD, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued the Notice on Adjusting the Admittance and Administration of Foreign Capital 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). This Notice amended the registered capital requirement in the 171 Opinion and stipulates that when a foreign investor establishes a property development enterprise in China in which (i) the total investment amount is more than US\$10.0 million and less than US\$30.0 million, such enterprise's registered capital must not be less than 40% of its total investment amount; (ii) the total investment amount is less than US\$12.5 million, such enterprise's registered capital must not be less than US\$5.0 million; (iii) the total investment amount is US\$30.0 million or more, such enterprise's registered capital must not be less than 33.3% of its total investment amount; and (iv) the total investment amount is less than US\$36.0 million, such enterprise's registered capital must not less than US\$12.0 million.

On November 6, 2015, MOFCOM and SAFE jointly issued the Notice on Further Improving the Registration of Foreign Investment in Real Estate (關於進一步改進外商投資房地產備案工作的通知) effective from November 6, 2015 to cancel the registration procedures of foreign investment in real estate.

On September 3, 2016, National People's Congress Standing Committee adopted a decision on amending the relevant laws in relation to foreign invested companies, which became effective on October 1, 2016. Upon the effectiveness of the decision, the establishment of the foreign invested enterprise (including foreign invested property development Enterprise) and its subsequent changes will be required to file with relevant authorities instead of obtaining approvals from relevant commerce authorities, except for the foreign invested enterprises which are subject to special administrative measures regarding foreign investment entry. To implement the decision, MOFCOM published a draft administrative measure on its website for public comment on September 3, 2016 and promulgated Provisional Measures for Filing Administration of Establishment and changes at Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) on October 8, 2016. On September 30, 2016, the State Administration for Industry & Commerce issued the Circular on Enhancing Registration Works after Implementing Foreign Investment Filing Administration (《關於做好外商投資企業實行備案管理後有關登記註冊工作的通知》) to implement the aforesaid decision. On October 8, 2016, the NDRC and the MOFCOM jointly issued a notice according to which the industries falling within the categories in which foreign investment is prohibited or restricted and those falling within the encouraged category subject to relevant requirements of equity or senior management under the Foreign Investment Industrial Guidance Catalogue will be subject to the special administrative measures for foreign investment entry.

On January 14, 2017, NDRC issued the Circular on Effectively Implementing Foreign Capital-related Work in the Catalog of Investment Projects Subject to Governmental Approval (2016 Version) (《關於做好貫徹落實《政府核准的投資項目目錄(2016年本)》有關外資工作的通知》), according to which, 1) any project of the restricted category with a total investment (including capital increase) amounting to USD300 million or above as included in the Guidance Catalog shall be approved by NDRC, and it shall be submitted to the State Council for the record provided that the total investment (including capital increase) amounts to USD2 billion or above, 2) any project of the restricted category with a total investment (including capital increase) of less than USD300 million as included in the Guidance Catalog shall be approved by the provincial government, and 3) the foreign investment projects beyond the scope of projects subject to approval and not in the prohibited category as provided in the Guidance Catalog shall be presented to local development and reform commissions for the record.

On June 28, 2017, MOFCOM and NDRC jointly issued the revised Foreign Investment Industrial Guidance Catalogue effective from July 28, 2017, according to which, foreign investment is permitted in the real estate development industry, and filing with the relevant authorities, instead obtaining approvals, is required for foreign investors to acquire Chinese companies if those foreign investors are not subject to the special administrative measures on foreign investment entry excluding the foreign entity established or controlled by PRC enterprises, companies or individuals to acquire its affiliated Chinese company. On July 30, 2017, MOFCOM issued the revised Provisional Measures for Filing Administration of Establishment and Changes at Foreign-invested Enterprises(《外商投資企業設立及變更備案管理暫行辦法》). On February 28, 2018, MOFCOM and the State Administration for Market Regulation jointly issued the Notice on Relevant Matters Concerning the Acceptance of Applications for MOFCOM Filing and AIC Registration of Foreign Investment Enterprises at a Single Window with a Single Form(《關於實行外商投資企業商務備案與工商登記“單一窗口、單一表格”受理有關工作的通知》) under which, since June 30, 2018, applications for MOFCOM filing and registration with administration for market regulation of foreign investment enterprises which are not subject to special administrative measures of foreign investment entry should be accepted at a single window with a single form nationwide. Subsequently on June 29, 2018, MOFCOM issued the revised Provisional Measures for Filing Administration of Establishment and Changes at Foreign-invested Enterprises(《外商投資企業設立及變更備案管理暫行辦法》), which came into effect from June 30, 2018. On June 26, 2018, MOFCOM and NDRC jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2018 Version)(《外商投資准入特別管理措施(負面清單)(2018年版)》), which became effective from July 28, 2018. On June 30, 2019, MOFCOM and NDRC jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2019 Version)(《外商投資准入特別管理措施(負面清單)(2019年版)》), which replaced the Special Administrative Measures (Negative List) for Foreign Investment Access (2018 Version) and became effective from July 30, 2019. On June 23, 2020, MOFCOM and NDRC jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2020 Version)(《外商投資准入特別管理措施(負面清單)(2020年版)》), which replaced the Special Administrative Measures (Negative List) for Foreign Investment Access (2019 Version) and became effective from July 23, 2020.

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

- establishment of a foreign invested enterprise in China, independently or jointly with any other investors;

- acquisition of shares, equities, property or any other similar rights and interests of an enterprise in China;
- investment in a new project in China, independently or jointly with any other investors; and
- investment in any other ways as may be stipulated by laws, administrative regulations or provisions of the State Council.

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

On December 26, 2019, the State Council issued the Regulation on Implementing the Foreign Investment Law of the People’s Republic of China, which is effective from January 1, 2020. On December 30, 2019, MOFCOM and the State Administration for Market Regulation jointly issued the Measures for Information Report of Foreign Investment (《外商投資信息報告辦法》), according to which, since January 1, 2020, the relevant reports to the commerce authorities through the enterprise registration system will be required for the establishment of foreign-invested enterprises and the subsequent changes, instead of filing with or obtaining approvals from the commerce authorities. The Provisional Measures for Filing Administration of Establishment and Changes at Foreign-invested Enterprises has been abolished since January 1, 2020.

Land Appreciation Tax

LAT is levied on all entities receiving net profit from the sale or transfer of real estate, at progressive rates ranging from 30% to 60% of the appreciation value. LAT is charged at four levels of progressive rates: 30% for the appreciation amount not exceeding 50% of the sum of deductible items; 40% for the appreciation amount exceeding 50% but not exceeding 100% of the sum of deductible items; 50% for the appreciation amount exceeding 100% but not exceeding 200% of the sum of deductible items; and 60% for the appreciation amount exceeding 200% of the sum of deductible items. Deductible items include acquisition cost of land use rights, development cost of land, construction cost of new buildings and facilities or assessed value for used properties and buildings, taxes related to the transfer of real estate and other deductible items as stipulated by the Ministry of Finance. On February 1, 2007, the Circular on the Administration of the Settlement of Land Appreciation Tax of Property Development 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》) (the “LAT Circular”), issued by the SAT took effect to strengthen the collection of LAT, which came into effect on February 1, 2007 and was subsequently amended on July 7, 2016 and June 15, 2018. It regulates (i) the conditions under which LAT must be settled; (ii) the methods in which taxable gains are computed; (iii) identifying items which are allowable deductible costs; (iv) time frame for settlement of the LAT; and (v) requirements for filing of documents. On May 12, 2009, the SAT issued the Administrative Rules on the Settlement of Land Appreciation Tax (《土地增值稅清算管理規程》) effective as of June 1, 2009 and subsequently amended on July 7, 2016, which further clarifies the specific conditions and procedures for settlement of the LAT.

The LAT Circular provides for strengthened collection of LAT through final settlement of LAT being conducted on a project-by-project basis. For multi-phase projects, each phase will be required to undergo a LAT clearance and settlement process.

According to the LAT Circular, property developers must conduct a final settlement of LAT if any one of the following conditions is satisfied:

- The project is completed and the development is sold;
- The project is transferred as a whole before the completion of the construction; or
- Any land use rights are transferred.

In addition, the PRC tax authorities may require a property developer to conduct a final LAT settlement if any one of the following conditions is met:

- For completed projects, the area sold exceeds 85% of the total saleable area, or, where the area sold does not exceed 85% of the total saleable area, the remaining area available for sale has been either rented-out or put to self-use;
- The project has held a sale/pre-sale license for at least three years but has not completed the sale;
- The taxpayer has applied for tax de-registration without conducting LAT settlement; or
- Any other conditions required by tax authorities at provincial level.

On May 19, 2010, the SAT issued the Notice on Issuers Concerning Settlement of Land Appreciation Tax (《關於土地增值稅清算有關問題的通知》) to strengthen the settlement of LAT. The notice clarifies certain issues with respect to the calculation and settlement of LAT, such as (i) the recognition of revenue upon the settlement of LAT, and (ii) the deduction of fees incurred in connection with property development.

On May 25, 2010, the SAT issued the Notice on Strengthening the Collection and Administration of Land Appreciation Tax (《關於加強土地增值稅徵管工作的通知》), which requires that the minimum LAT prepayment rate be 2% for provinces in the eastern region, 1.5% for provinces in the central and northeastern regions, and 1% for provinces in the western region. According to the notice, the local tax bureaus shall determine the applicable LAT prepayment rates based on property types.

Mortgage and Guarantee

The grant of mortgages in the PRC is governed by the Security Law of the PRC (《中華人民共和國擔保法》) (the “Security Law”), promulgated by the Standing Committee of the National People’s Congress on June 30, 1995 and effective from October 1, 1995, which will be superseded by the Civil Law of the PRC (《中華人民共和國民法典》) since January 1, 2021 and by relevant laws regulating real estate. Under the Security Law, any mortgage contract must be in writing and must contain specified provisions including (i) the type and amount of the indebtedness secured; (ii) the period of the obligation by the debtor; (iii) the name, quantity, and ownership of the land use rights of the mortgaged property; and (iv) the scope of the mortgage. For mortgages of urban real properties, new buildings on a piece of land after a mortgage has been entered into will not be subject to the mortgage.

The validity of a mortgage depends on the validity of the mortgage contract, possession of the real estate certificate and/or land use rights certificate of the mortgagor and registration of the mortgage with authorities. If the loan in respect of which the mortgage was given is not duly repaid, the mortgagee may sell the property to settle the outstanding amount and return the balance of the proceeds from the sale or auction of the

mortgaged property to the mortgagor. If the proceeds from the sale of such property are not sufficient to cover the outstanding amount, the mortgagee may bring proceedings before a competent court or arbitration tribunal (where there is an agreement to recover the amount still outstanding through arbitration) in the PRC.

Leasing

Both the Urban Land Regulations and the Urban Real Property Law permit leasing of granted land use rights and buildings thereon. However, leasing of land use rights obtained by allocation (劃撥) and of buildings on such allocated land is regulated by the Urban Land Regulations.

On December 1, 2010, the MOHURD issued the Administrative Measures for Commodity Housing Tenancy (《商品房屋租賃管理辦法》), the parties to a housing tenancy shall go through the housing tenancy registration formalities with the competent construction (real estate) authorities of the municipalities directly under the PRC central government, cities and counties where the housing is located within 30 days after the housing tenancy contract is signed. The relevant construction (real estate) authorities are authorised to impose a fine below CNY1,000 on individuals, and a fine between CNY1,000 and CNY10,000 on other violators who are not natural persons who fail to comply with the regulations within the specified time limit. The above measures came into effect as of February 1, 2011 in replacement of the Measures for Administration of Leasing of Urban Buildings.

According to the Urban Real Property Law, where the owner of a house built on state owned land leases his/her property and the land use rights were obtained through allocation for the purpose of profit making, any proceeds derived from the land in the form of rent must be paid to the State. On June 3, 2016, the General Office of the State Council issued the Opinions on Accelerating the Cultivation and Development of Leasing Market (《國務院辦公廳關於加快培育和發展住房租賃市場的若干意見》), which encourages real estate developers to carry out house leasing business. These opinions support real estate developers to explore business scope, utilize built residential properties or newly built residential properties to carry out leasing business, encourage real estate developers to put the residential properties for rent, guide real estate developers to cooperate with residential property leasing enterprises and develop rental properties. On July 18, 2017, MOHURD, NDRC and other government departments jointly released the Circular on Accelerating the Development of the Housing Leasing Market in Large and Medium-sized Cities with a Large Inflow Population (《關於在人口淨流入的大中城市加快發展住房租賃市場的通知》, hereinafter referred to as the Circular). According to the Circular, the government will take multiple measures to speed up the development of the rental market and increase supply of rental housing, including but not limited to, encouraging the local governments to increase land supply for the development of property for rental- and increasing the proportion of rental housing to the commercial residential building projects.

On September 14, 2017, MOHURD issued a notice and officially announce its support for the pilot program on houses with joint property ownership rights in Beijing and Shanghai. On March 16, 2016, Shanghai Municipal People's Government promulgated the Measures for the Administration on Houses with Joint Property Rights (《上海市共有產權保障住房管理辦法》), which was implemented on May 1, 2016. On September 20, 2017, Beijing Municipal Housing and Urban-Rural Development Commission, Beijing Municipal Planning and Land Resources Management Committee, Beijing Municipal Development and Reform Commission and Beijing Municipal Bureau of Finance released the Interim Measures for the Administration of Houses with Joint Property Rights (《共有產權住房管理暫行辦法》), which was implemented on September 30, 2017. According to the aforementioned measures, the houses with joint property ownership rights refers to the housing that the property ownership rights are jointly owned by the government and the purchasers, and the sales price is lower than the market price and the ownership of the housing is restricted. The land for joint property ownership rights will be included in the annual plan of land supply of the local government, listed

separately and supplied with priority. On December 13, 2019, MOHURD, NDRC and other government departments jointly issued the Opinions on Regulating the Leasing Market Order(關於整頓規範住房租賃市場秩序的意見).

Resettlement

On January 21, 2011, the State Council promulgated the Regulation on Expropriation and Compensation of Houses on State-owned Land (《國有土地上房屋徵收與補償條例》) (the “Expropriation and Compensation Regulation”), which replaced the Housing Resettlement Administration Regulations. The Expropriation and Compensation Regulation provides that, among other things:

- (i) buildings can be expropriated under certain circumstances for public interests, and only governmental authorities can be in charge of resettlement activities; real estate developers are prohibited from being involved in demolition and relocation procedures;
- (ii) compensation shall be paid before the resettlement;
- (iii) compensation to owners of properties to be demolished cannot be less than the market value of similar properties at the time of expropriation. The market value of properties shall be determined by qualified real estate appraisal institutions in accordance with appraisal rules related to property expropriation. Any owner who does not agree with the appraised market value of the property can apply to the real estate appraisal institution for re-appraisal; and
- (iv) neither violence nor coercion may be used to force homeowners to leave sites, nor can certain measures, such as illegally cutting water and power supplies, be used in relocation work.

The Measures of Expropriation and Evaluation of Properties on State-owned Land (《國有土地上房屋徵收評估辦法》), which was promulgated and implemented on June 3, 2011, provides that, among other things:

- (i) the value of the expropriated property is the sum would have been reached by informed and willing parties in arm’s length transaction, excluding factors such as lease, pledge and seizure.
- (ii) The market value of the property for exchanging the expropriated property shall be determined by evaluation. The benchmark date of evaluation of the expropriated property is the date when the property expropriation decision is posted.
- (iii) The evaluation of expropriated property shall consider location, property use, construction structure, condition, building area, floor area, land use right and other factors that might affect the value of the property. The value of interior decoration, relocation fee for machinery equipments and materials and compensation for halting the production and business through negotiation by relevant parties; if the parties fail to reach such an agreement, the value may be determined by evaluation conducted by a real estate evaluation institution appointed by the parties.

Pre-sale and Sale

Pursuant to the Urban Real Property Law and the Administrative Measures Governing the Pre-sale of Urban Real Estate (《城市商品房預售管理辦法》) (the “Administrative Measures”) promulgated by the MOHURD on November 15, 1994 and as amended on August 15, 2001 and July 20, 2004, respectively, commodity properties which have not been completed may be sold when certain conditions and/or requirements are satisfied.

Pre-sale of commodity properties is regulated by an approval system. Developers who intend to pre-sell their commodity properties shall apply to the relevant Real Estate Administration Department of the People's Government at city or county level (市、縣人民政府房地產管理部門) and obtain a pre-sale permit.

When commodity properties are pre-sold, the following requirements shall be satisfied according to the Urban Real Property Law and the Administrative Measures:

- the land premium in respect of the land use rights must be paid in full and the land use rights certificate must have been obtained;
- the construction works planning permit and the work commencement permit must have been obtained;
- funds contributed to the development of the project shall amount to at least 25% of the total amount of the project investment, and project progress and the date of completion of the project for use must have been ascertained; and
- the pre-sale permit must have been obtained.

Pursuant to the Administrative Measures Governing the Sale of Commodity Properties (《商品房銷售管理辦法》) promulgated by the MOHURD on April 4, 2001 and effective on June 1, 2001, the MOHURD and its local branches supervise the sale of commodity properties, including both sale of completed commodity properties and pre-sale of underlying commodity properties.

When completed commodity properties are sold, the following requirements shall be satisfied according to the Administrative Measures Governing the Sale of Commodity Properties: the property developer shall have obtained the qualification certificate for real estate developers, land use rights certificates, the construction works planning permit, the work commencement permit and acceptance examination upon project completion; resettlement must have been implemented; municipal infrastructure, such as water, power, heating and gas supply and communication facilities must have been deliverable, and other municipal infrastructure and public facilities must have been deliverable or the progress of works and the delivery date have been ascertained; and property management scheme must have been carried out.

Property developers shall not sell the commodity properties while promising to return the principal of the purchase price to the purchasers, or pre-sell the commodity properties while promising to lease back the commodity properties. In the event of violation of the aforesaid rules, the property developers may be issued a warning, ordered to correct within a specified time, and be subject to a fine of not less than RMB10,000 and not more than RMB30,000.

Under the Regulations on Administration of Commodity Property Pre-sale of Xiamen (《廈門市商品房預售管理規定》) issued by the People's Government of Xiamen on December 1, 2013 and effective on January 1, 2014, property developers should fulfill the following requirements before pre-selling commodity properties:

- the land premium has been paid in full and the land use rights certificates have been obtained;
- the construction works planning permit and work commencement permit have been obtained;
- the construction tender agreements have come into effect and the delivery date has been ascertained;
- the funds invested in the development of the commodity properties put to pre-sale represent 25% or more of the total investment in the project;

- for commodity property consisting of seven floors or less, the capping construction of the main building must have been completed; for commodity property consisting of eight floors or more (the basic foundation work and at least the first floor of the structural construction must have been completed, while for commodity property consisting of four floors or more without basement, the basic foundation work and at least four floors must have been completed), the 50% main structured construction and at least seven floors must have been completed; and
- the pre-sale permits have been obtained.

Under the Regulations on the Property Transfer of Shanghai (《上海市房地產轉讓辦法》) issued by the People's Government of Shanghai on April 30, 1997 and as amended on September 20, 2000, April 21, 2004 and December 20, 2010 respectively, and the Approval Concerning the Adjustment of the Standard of Project Progress for the Pre-sale of Commodity Properties (《關於同意調整商品房預售應達到的工程進度標準的批覆》) issued by the People's Government of Shanghai on September 18, 2000, the following requirements shall be fulfilled for pre-sale of commodity properties by the property developer:

- the land premium in respect of the land use rights acquired by way of grant must be paid in full;
- the land use rights must be properly registered and the land use rights certificates must have been obtained;
- the construction works planning permit must have been obtained;
- the work commencement permit must have been obtained;
- for commodity property consisting of seven floors or less, the basic foundation work and the main structural construction of the building must have been completed, while for commodity property consisting of eight floors or more, the basic foundation work and at least two-thirds of the main structural construction must have been completed and at least seven floors must have been completed in any event;
- the date of completion of the project for use must have been ascertained and the corollary construction planning of municipal works, public works and public architectural facilities have been ascertained;
- the agreement of pre-sale payment escrow must have been entered into with the local institutions engaging in property project capital supervision; and
- the property use convention must have been formulated and the prophase property management agreements must have been reached with property management enterprises.

However, the Measures on Further Strengthening the Control over Real Estate Market of Shanghai and Accelerating the Works on Housing Security (《批轉關於進一步加強本市房地產市場調控加快推進住房保障工作若干意見的通知》) as approved and issued by the People's Government of Shanghai on October 7, 2010, stipulate that for the commodity residential property projects for which construction permits are issued after July 1, 2010, the pre-sale permits will be issued only if the main structural roof-ceiling construction has been finished and has passed the governmental examination and inspection, and the property developers should apply for pre-sale permits with the examination and inspection certificate of parts of project quality (分項、分部工程質量驗收證明書).

According to the Provisional Regulations on Administration of Commodity Property Pre-sale of Fujian (《福建省商品房預售管理暫行辦法》) issued by the People's Government of Fujian on December 14, 2005 and effective on January 1, 2006, uncompleted commodity properties may not be pre-sold only until the following conditions has been satisfied:

- the land premium has been paid in full and the land use rights certificates have been obtained;
- the construction works planning permit and work commencement permit have been obtained;
- the funds invested in the development of the commodity properties put to pre-sale represent 25% or more of the total investment in the project, and in respect of project progress, at least one-fifth of the floors of the building have been completed; and
- the progress of works and the completion and delivery dates have been ascertained.

In accordance with the Development Regulations (as defined below) (《城市房地產開發經營管理條例》) and the Notice on Facilitating Sustained and Healthy Development of Property Market (《關於促進房地產市場持續健康發展的通知》) issued by the People's Government of Anhui on March 8, 2004, commodity properties may be sold before completion only if:

- the land premium has been paid in full and the land use rights certificates have been obtained;
- the construction works planning permit and work commencement permit have been obtained;
- the funds invested in the development of the commodity properties put to pre-sale represent 25% or more of the total investment in the project and the progress of works and the completion and delivery dates have been ascertained;
- in respect of the project progress, at least the first floor has been completed; and
- the pre-sale must have been registered and the pre-sale permits have been obtained.

On April 13, 2010, the MOHURD issued the Notice on Issues Relating to Further Strengthening the Real Estate Market Supervision and the Improvement of Commercial Housing Presale System (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》), which provided a series of measures to further improve the pre-sale system. According to the notice, during the pre-sale stage of commercial property development, developers are prohibited from collecting any deposit or advance payment in any form, such as subscription, reservation, sequencing or grant of VIP card. The notice requires that developers disclose to the public all properties subject to pre-sale and the price of each property at the same time within 10 days after obtaining the pre-sale permit. Properties must be sold at the disclosed price without any cheating or speculation. Governmental authorities may investigate and strictly punish any illegal activity by developers during the pre-sale stage, such as property hoarding. Sales agents are prohibited from any form of speculation in the option to purchase property (炒賣房號), earning price difference (賺取差價) or using different price terms on the same property for an illegal purpose (陰陽合同), spreading false or unjustified information, or creating a false or deceptive appearance that the sales of properties are prosperous.

According to the Notice Concerning Further Strengthening the Microeconomic Control of the Real Property Market (《國務院辦公廳關於進一步做好房地產市場調控工作的有關問題的通知》) promulgated by the General Office of the State Council on 26 January 2011, the administrative divisions directly under the Central Government, cities specifically designated in the State plan, provincial capital cities and the cities with excessive or rapid rising real estate price shall implement strict measures with housing-purchase limitation for

a reasonable period of time. As the general rule, a local residential family that already holds one house or a non-local residential family that is able to provide evidence of local tax or social insurance payment of a certain period is limited to purchasing one house (including new constructed commercial property and second hand property); and, a local residential family that holds two or more houses, a non-local residential family that holds one or more houses and a non-local residential family that is unable to provide evidence of local tax or social insurance payment of a certain period shall be suspended from purchasing house in the relevant administrative region.

On March 16, 2011, the NDRC promulgated the Regulations on Clearly Marking Price in the Sale of Commodity Houses (《商品房銷售明碼標價規定》), according to which the sale of commodity housing shall mark prices on a per unit basis, and show to the public the collection of handling fees and property management charges. A commodity house operator shall not charge any additional fees other than those clearly marked during the property sale. After the price of a commodity house is clearly marked, the developer may reduce the price or provide discounts, however, any increase in price shall be re-filed with the competent authority for record. These regulations also apply to the selling of second hand property by real estate agents.

According to Notice on Conducting Special Inspections of the Sale of Commodity Houses with Marked Prices (《關於開展商品房銷售明碼標價專項檢查的通知》) promulgated by the General Office of the NDRC and implemented on May 11, 2011, real estate developers who failed to mark a price on each unit in accordance with relevant regulations will be imposed a fine of CNY5,000 for each unit sold. If the real estate developers are found to have committed in price fraud, order of correction, confiscation of illegal gains and fine will be imposed; in serious cases, the real estate developers will be ordered to suspend business.

Real Estate Loans

On June 5, 2003, the PBOC promulgated the Notice on Further Strengthening the Administration of Real Estate Loans (《關於進一步加強房地產信貸業務管理的通知》). According to the notice, the commercial banks shall focus their business towards supporting real estate projects targeted at mid to lower-income households and appropriately restrict the granting of real estate loans to projects involving spacious apartments, luxurious apartments and villas. The notice strictly prohibits banks from advancing working capital loans to real estate developers. When applying for a real estate loan, the real estate developer's own capital in any proposed real estate project should not be less than 30% of the total investment of the project. The notice also prohibits loans advanced for the payment of land premium for land use rights.

On August 12, 2003, the State Council published the Notice by the State Council on Facilitating Sustained and Healthy Development of Real Estate Market (《國務院關於促進房地產市場持續健康發展的通知》), which provides a series of measures to control the real estate market, including but not limited to increasing the supply of common residential houses, controlling the construction of high-end commodity properties, and strengthening the supervision of the real property administration. The purpose of the notice is to create a positive influence on the long term development of the real estate market in China.

In August, 2004, the CBRC issued a Guideline for Commercial Banks of Risks of Real Estate Loans (《商業銀行房地產貸款風險管理指引》). According to the guideline, no loan shall be granted to projects which have not obtained the land use rights certificate, construction land planning permit, construction works planning permit and work commencement permit. The guideline also stipulated that not less than 35% of the total investment in a property development project must come from the real estate developer's own capital for the project (項目資本金) in order for banks to extend loans to the real estate developer. In addition, the guideline requires commercial banks to set up strict approval systems for loan grants.

On March 16, 2005, PBOC promulgated a Notice on Adjusting the Housing Loan Policy and Deposit Rate of Excess Reserves for Commercial Banks (《關於調整商業銀行住房信貸政策和超額準備金存款利率的通知》) which cancelled the preferential mortgage lending interest rate for individuals and restricted the minimum mortgage loan rate at 0.9 times of the benchmark rate. The PBOC also increased the public housing fund rate (公積金貸款利率) by 0.18% and permitted commercial banks to decrease mortgage loan rate from 80% to 70% of the value of the property if it is located in a city where the property prices are increasing too rapidly. In June 2005, the PBOC Shanghai Branch also categorized real estate loans as loans which should be granted with “caution” in its Guideline for Credit Loans of 2005 (《上海市信貸投向指引》(2005)). The PBOC further raised its benchmark lending interest rate by 0.27% to 5.58% for one-year Renminbi loans with effect from April 28, 2006. The lending interest rates for other various terms were also raised accordingly. The PBOC announced on June 16, 2006 that it was increasing the reserve ratio of commercial banks by 0.5%. Agricultural credit organizations including agricultural cooperative banks can continue to maintain the current reserve ratio. In 2008, the PBOC changed its lending rates five times. The PBOC increased its benchmark lending rates two times in 2010 and three times in 2011. However, the PBOC decreased its benchmark lending rates two times and the benchmark lending rate for loans with a term of over five years was decreased to 6.55% on July 6, 2012.

In accordance with the Notice on Strengthening Commercial Real Estate Loan Administration (《關於加強商業性房地產信貸管理的通知》) jointly issued by the PBOC and CBRC on September 27, 2007, when a property purchaser applies for individual home loans for his first self-used residential unit with a gross floor area of more than 90 square meters, the purchaser’s minimum down payment shall be no less than 30% of the total purchase price; in respect of any purchaser’s loan application for purchase of additional residential properties, the down payment shall not be less than 40% of the total purchase price and the loan interest shall be no lower than 110% the applicable benchmark lending rate published by the PBOC in the same period. A purchaser’s down payment as a percentage of the total purchase price and the loan interest shall be increased significantly based on the number of properties purchased. The actual increase shall be determined by commercial banks according to loan risk management principles. The down payment for property purchases using commercial flat loans shall not be less than 50% of the purchase price, the term of the loan shall not exceed 10 years and the loan interest shall be no less than 110% the applicable benchmark lending rate published by the PBOC at the same period. The actual down payment, term and interest rate applicable to the loan shall be determined by commercial banks according to loan risk management principles. With respect to loan applications for commercial-resident apartments, the down payment shall be no less than 45% of the total purchase price and the term and interest rate applicable to the loan shall be determined in accordance with commercial flat loan management rules.

On December 5, 2007, the PBOC and CBRC jointly issued the Supplemental Circular on Strengthening the Management of Commercial Real-estate Credit Loans (《關於加強商業性房地產信貸管理的補充通知》), which clarifies that the number of property mortgage loans used for property purchases by a loan applicant shall be calculated on a family basis, including the applicant, his spouse and minor child.

On May 26, 2010, the MOHURD, the PBOC and the CBRC jointly issued the Notice on Regulating the Criteria for Identifying the Second Residential Properties in Connection with Personal Commercial Housing Loans (《關於規範商業性個人住房貸款中第二套住房認定標準的通知》), which provides, among other things, that the number of residential properties owned by an individual property purchaser who is applying for mortgage loans shall be determined by taking into account the total number of residential properties owned by the household of such purchaser (including the purchaser and his or her spouse and minor children). In addition, the circular depicts a number of circumstances under which different credit policies shall be applied in connection with purchases of the second or additional residential properties.

On September 29, 2010, the PBOC and the CBRC jointly issued the Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》) to further implement the April 17 Notice. The new rule requires that commercial banks suspend granting of mortgage loans on a nationwide basis (i) for any third or additional property purchases by any purchaser or (ii) to any non-residents who cannot provide proof of tax or social security insurance payments for a period of more than one year. The rule stipulates that a property purchaser's down payment for the first property purchase shall not be less than 30% of the purchase price regardless of the gross floor area of the property purchased. The rule further requires that legal requirements as set forth in the April 17 Notice regarding a property purchaser's down payment for his or her second property purchase and the applicable loan interest rate be strictly implemented.

On November 2, 2010, the Ministry of Finance, the MOHURD, the CBRC and the PBOC jointly issued the Notice on Issues Concerning Policies on Regulation of Personal Housing Provident Fund Loan (《關於規範住房公積金個人住房貸款政策有關問題的通知》), which provides that where personal housing provident fund loan is used to buy the first ordinary self-use house and the floor area of the house is no more than 90 sq.m., the down-payment proportion shall not be lower than 20%; where the floor area of the house is more than 90 sq.m., the down-payment proportion shall not be lower than 30%. Only the housing provident fund-paying families whose floor area per capita is less than local average shall have access to personal housing provident fund loan which is used to buy the second house, and the loan shall be used to buy ordinary self-use house so as to improve dwelling conditions. Where the personal housing provident fund loan is used to buy the second house, the down-payment proportion shall not be lower than 50%, and the interest rate of such loan shall not be less than 1.1 times of the interest rate of the personal housing provident fund loan for the purchase of the first house. Personal housing provident fund loans for the purchase of a third or more houses by housing provident fund-paying families shall be suspended.

On November 4, 2010, the SAFE and the MOHURD jointly issued the Notice on Further Regulating the Administration of Housing Purchases by Overseas Institutions and Individuals (《關於進一步規範境外機構和個人購房管理的通知》), which indicates that unless otherwise provided for in laws and regulations, an overseas individual may purchase only one self-use house within the territory of China; any overseas institution which sets up a branch or representative office within the territory of China may purchase a non-residence house required for business purposes only in the city where such branch or representative office is registered.

On January 26, 2011, the General Office of the State Council issued the Notice on Further Adjusting and Control of Property Market (《關於進一步做好房地產市場調控工作有關問題的通知》). This Notice, among others, provides that: (i) people selling residential property within five years of their purchase of such residential property will be charged business taxes on the full amount of the sale price of such houses, whether ordinary or non-ordinary; (ii) the minimum down payment for second house purchases is raised from 50% to 60%; (iii) the PRC government will forfeit the land use rights if a developer fails to obtain the construction permit and commence development for more than two years from the commencement date stipulated in the land grant contract; and (iv) municipalities directly under the PRC central government, municipalities with independent planning status, provincial capitals and cities with high housing prices shall limit the number of houses that local residents can buy in a specified period. In principle, local resident families that own one house and non-local resident families who can provide local tax clearance certificates or local social insurance payment certificates for a required period are permitted to purchase only one additional house (including newly-built houses and second-hand houses). Sales of properties to (a) local resident families who own two or more houses, (b) non-local resident families who own one or more houses, and (c) non-local resident families who cannot provide local tax clearance certificates or local social insurance payment certificates for a required period, shall be suspended in local administrative regions.

In order to implement the Notice concerning Further Strengthening the Macroeconomic Control of Real Property Market (《關於進一步做好房地產市場調控工作有關問題的通知》), certain local governments, including Guangzhou, Beijing, Tianjin, Shanghai, Suzhou, Nanjing, Qingdao, Chengdu and Harbin have also announced their new purchase limit policies which are almost the same as the requirements in the Notice Concerning Further Strengthening the Macroeconomic Control of the Real Property Market (《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》).

To support the demand of buyers of property for residential purposes and to promote the sustainable development of the real estate market, PBOC and CBRC jointly issued the Notice on Further Improving Financial Services for Real Estate Sector (《關於進一步做好住房金融服務工作的通知》) on September 29, 2014, which provides that for any family that wishes to use a loan to buy a property for its own residence, the minimum down payment will be 30% of the property price and the floor loan interest rate will be 70% of the benchmark lending interest rate, with the specific terms of such loan to be decided by the banking financial institution that provides the loan based on the risk profile of the borrower. Where a family that owns a residential property and has paid off its existing mortgage loan applies for a new mortgage loan to buy another residential property to improve living conditions, the bank may apply the first-time housing purchase mortgage loan policy. In cities that have lifted housing purchase restrictions on residents or those that have not imposed such restrictions, when a family that owns two residential properties or more and has paid off all the existing mortgage loans applies for a new mortgage loan to buy another residential property, the bank is required to assess the credit profile of the borrower, taking into consideration the solvency, credit standing of the borrower and other factors, and decide the down payment ratio and loan interest rate. In view of the local urbanization plan, banks may provide mortgage loans to non-local residents that meet the conditions required by the related policies. Since August 2014, the local governments of Xiamen, Fuzhou, Hefei and Tianjin had issued their respective measures to lift the housing purchase restrictions in Xiamen (except for the restrictions on ordinary commercial housing purchases in Siming District and Huli District in Xiamen), Fuzhou, Hefei and Tianjin. In March 2015, the PBOC, CBRC and MOHURD jointly issued a notice to lower the minimum down payment to 40% for households that own a residential property and have not paid off their existing mortgage loan applying for a new mortgage loan to purchase another ordinary residential property to improve their living conditions, and allow the bank to decide at its own discretion the down payment ratio and loan interest rate taking into consideration the solvency and credit standing of the borrower. On February 1, 2016, the PBOC and CBRC jointly issued the Notice on the Adjustment of 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%. On August 25, 2019, PBOC issued the Announcement of the People's Bank of China No.16 [2019] under which, starting from October 8, 2019, new commercial individual housing loans should be priced by adding basis points to the latest monthly loan prime rate (LPR) of corresponding maturity. The basis points added should conform to the national and local housing credit policy requirements, reflect the loan risk profile, and remain fixed during the contract period. The interest rate of first-time commercial individual housing loans should not be lower than the LPR of corresponding maturity, and the interest rate of second-time commercial individual housing loans not be lower than the LPR of corresponding maturity plus 60 basis points.

Qualifications of a Property Developer

Classifications of a Property Enterprises' Qualification

Under the Development Regulations, a property developer must record its establishment with the governing property development authorities in the location of the registration authority within 30 days after receiving its business license. The property development authorities shall examine applications for classification of a property developer's qualification by considering its assets, professional personnel and industrial achievements. A property enterprise shall only engage in property development projects in compliance with its approved qualification.

Under the Provisions on Administration of Qualifications of Property Developers (《房地產開發企業資質管理規定》) (the "Provisions on Administration of Qualifications") promulgated by the MOHURD and implemented on March 29, 2000, amended in May 2015 and December 2018, respectively, a property developer shall apply for registration of its qualifications according to such Provisions on Administration of Qualifications. An enterprise may not engage in the development and sale of property without a qualification classification certificate for property development.

In accordance with the Provisions on Administration of Qualifications, qualifications of a property 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. Procedures for approval of developers of class 2 or lower qualification 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. 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 property developer, after it reports its establishment to the property development authority, the latter shall issue a Provisional Qualification Certificate to the eligible developer within 30 days. The Provisional Qualification Certificate shall be effective for one year from its issuance while the property development authority may extend the validity to a period of no longer than 2 years considering the actual business situation of the enterprise. The property developer shall apply for qualification classification by the property development authority within one month before expiry of the Provisional Qualification Certificate.

The Business Scope of a Property Developer

Under the Provisions on Administration of Qualifications, a developer of any qualification classification may only engage in the development and sale of the property within its approved scope of business and may not engage in business which falls outside the approved scope of its qualification classification. A class 1 property developer may undertake a property development project anywhere in the country without any limit on the scale of the property project. A property developer of class 2 or lower may undertake a project with a gross floor area of less than 250,000 square meters and the specific scopes of business shall be as formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

The Annual Inspection of a Property Developer's Qualification

Pursuant to the Provisions on Administration of Qualifications, the qualification of a property developer should be subject to annual inspection. The construction authority under the State Council or the entrusted institution is responsible for carrying out the annual inspection of a class 1 real estate developer's qualification. Procedures for annual inspection of developers of a class 2 or lower qualification shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

Foreign Exchange Controls

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchange at this time. The SAFE, under the authority of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

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

On March 26, 1994, the PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理暫行規定》) (the "Provisional Regulations"), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organizations and social organizations in the PRC.

On January 1, 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which is determined by demand and supply of Renminbi. Pursuant to such systems, the PBOC sets and publishes the daily Renminbi-US dollar exchange rate. Such exchange rate is determined with reference to the transaction price for Renminbi-US dollar in the inter-bank foreign exchange market on the previous day. Also, the PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by the PBOC.

On January 29, 1996, the State Council promulgated Regulations for the Control of Foreign Exchange (《中華人民共和國外匯管理條例》) ("Control of Foreign Exchange Regulations") which became effective from April 1, 1996. The Control of Foreign Exchange Regulations classify all international payments and transfers into current account items and capital account items. Current account items are no longer subject to SAFE approval while capital account items still are. The Control of Foreign Exchange Regulations were subsequently amended on January 14, 1997. Such amendment affirms that the State shall not restrict international current account payments and transfers.

On June 20, 1996, PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (the "Settlement Regulations") which became effective on July 1, 1996. The Settlement Regulations superseded the Provisional Regulations and abolished

the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. On the basis of the Settlement Regulations, the PBOC published the Announcement on the Implementation of Foreign Exchange Settlement and Sale Banks by Foreign-invested Enterprises (《外商投資企業實行銀行結售匯工作實施方案》). The announcement permits foreign invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange, and specialized accounts for capital account receipts and payments at designated foreign exchange banks.

On October 25, 1998, PBOC and SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swapping Business (《關於停辦外匯調劑業務的通知》) pursuant to which and with effect from December 1, 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprises shall be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On July 21, 2005, the PBOC announced that, beginning from July 21, 2005, China will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the US dollar. The PBOC will announce the closing price of a foreign currency such as the US dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

Save for foreign-invested enterprises or other enterprises which are specially exempted by relevant regulations, all entities in China (except for foreign trading companies and production enterprises having import and export rights, which are entitled to retain part of foreign exchange income generated from their current account transactions and to make payments using such retained foreign exchanges in their current account transactions or approved capital account transactions) must sell their foreign exchange income to designated foreign exchange banks. Foreign exchange income from loans issued by organizations outside the territory or from the issuance of bonds and shares is not required to be sold to designated banks, but may be deposited in foreign exchange accounts with designated banks.

Enterprises in China (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, upon presentation of valid receipts and proof. Foreign invested enterprises which need foreign currencies for the distribution of profits to their shareholders, and Chinese enterprises which, in accordance with regulations, are required to pay dividends to shareholders in foreign currencies, may with the approval of board resolutions on the distribution of profits, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks.

Convertibility of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction, and prior approval from SAFE or its competent branch.

In January and April 2005, SAFE issued two regulations that require PRC residents to register with and receive approvals from SAFE in connection with their offshore investment activities. SAFE also announced that the purpose of these regulations is to achieve the proper balance of foreign exchange and the standardization of all cross-border flows of funds.

On October 21, 2005, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通

知》) (“Circular No. 75”) which became effective as of November 1, 2005. In July 2014, Circular No. 75 was abolished by SAFE and was superseded by the Notice Regarding Certain Administrative Measures on Offshore Investing and Financing and Round-trip Investment by PRC Residents through 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》) (“Circular No. 37”). Circular No. 37 and other SAFE rules require PRC residents, including both legal and natural persons, to register with the banks before making capital contribution to any company outside of China (an “offshore SPV”) with onshore or offshore assets and equities interests legally owned by PRC residents. In addition, any PRC individual resident who is the shareholder of an offshore SPV is required to update its registration with the banks with respect to that offshore SPV in connection with change of basic information of the offshore SPV such as its company name, business term, the shareholding by PRC individual resident, merger, division and with respect to the PRC individual resident in case of any increase or decrease of capital in the offshore SPV, transfer of shares or swap of shares by the PRC individual resident.

On September 1, 2006, SAFE and MOHURD jointly issued a Notice on Regulating Issues Relevant to Administration of Foreign Exchange in Real Estate Market (《關於規範房地產市場外匯管理有關問題的通知》), which was revised on May 4, 2015 by SAFE. The notice provides that (i) for any foreign-invested property enterprise that fails to acquire a state-owned land use rights certificate or to make its capital fund for a development project reaching 35% of the total investment in the project, the foreign exchange bureau will not handle its foreign debt registration or approve its settlement of foreign currencies; (ii) for any foreign institution or individual that acquires a domestic property enterprise, if it (he) fails to pay the transfer price in a lump sum by its (his) own fund, the foreign exchange bureau will not handle the registration of foreign exchange income from transfer of equities; (iii) the domestic and foreign investors of a foreign-invested property enterprise shall not reach an agreement including any clause which promises a fixed return or fixed revenue in any disguised form to any party, otherwise the foreign exchange bureau will not handle the foreign exchange registration or registration modification of foreign-invested enterprise; and (iv) the fund in the foreign exchange account exclusive for foreign investor opened by a foreign institution or individual in a domestic bank shall not be used for property development or operation. The notice also provides for foreign exchange working process related to branches of overseas institutions established within the PRC, overseas individuals, Hong Kong, Macao or Taiwan residents and overseas Chinese purchasing or selling commodity properties within the PRC.

On December 25, 2006, PBOC promulgated the Measures for the Administration of Individual Foreign Exchange (《個人外匯管理辦法》) (the “Measures for the Administration of Foreign Exchange”). The Measures for the Administration of Foreign Exchange use category administration to classify the individual foreign exchange operations as domestic and overseas by participants in the transaction, current accounts and capital accounts by nature of the transaction. The Measures for the Administration of Foreign Exchange set the annual total amount of foreign exchange for settlement by individuals and for purchase by domestic individuals, and provide different procedures for individuals who set foreign exchange over the annual total amount and domestic individuals who purchase foreign exchange over the annual total amount according to current account items and capital account items.

On January 5, 2007, the SAFE promulgated the Detailed Rules for the Implementation of the Measures for the Administration of Individual Foreign Exchange (《個人外匯管理辦法實施細則》) (the “Detailed Rules”) effective February 1, 2007 and further revised and effective as of May 29, 2016. The Detailed Rules provide, amongst others, that (i) the annual total amount of foreign exchange for settlement by individuals and for purchase by domestic individuals is US\$50,000; (ii) domestic individuals who engage in external direct investment satisfying the relevant rules shall not only get approval from the foreign exchange bureau, but also complete the overseas investment foreign exchange registration procedures before they can purchase foreign exchange or remit with their own foreign exchange. (iii) domestic individuals can engage in financial investment such as overseas fixed-revenue equity-interest, etc through qualified domestic institutional investors such as banks and fund management companies; and (iv) in case domestic individuals engage in such foreign

exchange operations through an employee stock ownership plan or subscription option program of an overseas listed company, they can only deal in such options after completing the registration with the foreign exchange bureau through their company or domestic agency institutions.

The Control of Foreign Exchange Regulations were amended by the State Council on August 1, 2008 and became effective on August 5, 2008. Under the revised Control of Foreign Exchange Regulations, the compulsory settlement of foreign exchange is dropped. As long as the capital inflow and outflow under the current accounts are based upon real and legal transactions, individuals and entities may keep their income in foreign currencies inside or outside China according to the provisions and terms to be set forth by the SAFE. The foreign exchange income generated from current account transactions may be retained or sold to financial institutions engaged in foreign currency settlement and exchange. Whether to retain or sell the foreign exchange income generated from capital account transactions to financial institutions is subject to approvals from the SAFE or its branches, except for otherwise stipulated by the State. Foreign exchange or settled Renminbi in capital account must be used as approved by the SAFE or its branches, and the SAFE or its branches are empowered to supervise the utility of the foreign exchange or settled Renminbi in capital account and the alterations of the capital accounts. The Renminbi follows a managed floating exchange rate in line with the market demand and supply. A domestic individual or entity who conducts the overseas direct investment or overseas issue and transaction of negotiable securities and derivative financial products shall file with competent authorities of the PRC. Furthermore, such individual or entity shall apply for the approval on such investment, issue or transaction form relevant authorities prior to the filing if otherwise required by relevant PRC laws and regulations.

On July 27, 2011, SAFE issued the Circular on Issues Concerning Approval of the Outstanding Balance Index for Financing Overseas Guarantee of 2011 by Domestic Banks (《關於核定境內銀行2011年融資性對外擔保餘額指標有關問題的通知》) (the “2011 Notice”). In June 2014, the 2011 Notice was abolished by SAFE and the Provisions on Foreign Exchange Control for Cross-border Guarantees (《跨境擔保外匯管理規定》), the “2014 SAFE Provisions”) issued by SAFE became effective. The 2014 SAFE Provisions provides that with regard to funds of offshore loans secured by onshore guarantees, without the approval of the foreign exchange bureau, the debtor shall not remitted such funds to China directly or indirectly by way of, including but not limited to, making loans to persons in China, equity investment, or securities investment, and such funds shall not be used for direct or indirect equity or bond investment by any offshore entity or individual to any onshore individual.

On April 28, 2013, SAFE issued Notice Regarding Promulgation of Measures for Administration of Foreign Debt Registration (《國家外匯管理局關於發佈〈外債登記管理辦法〉的通知》), which became effective on May 13, 2013, revised on May 4, 2015 by SAFE and includes three appendices: (i) Measures for Administration of Foreign Debt Registration, (ii) Operating Guidelines for Foreign Debt Registration Administration, and (iii) List of Repealed Regulations.

Measures for Administration of Foreign Debt Registration (《外債登記管理辦法》) (the “Measures”) became effective on May 13, 2013. The Measures stipulate the general provisions on foreign debt registration, administrative provisions on foreign debt account management, use and settlement of foreign debt funds, foreign guarantee for domestic loans, foreign exchange managements for outbound transfer of non-performing assets, as well as relevant punishment provisions.

Operating Guidelines for Foreign Debt Registration Administration (《外債登記管理操作指引》) (the “Operating Guidelines”) became effective on May 13, 2013 and was revised on May 4, 2015 by SAFE. The Operating Guidelines provide specific operational rules in relation to foreign debts administration, which contain 15 items. Among these 15 items, foreign debt registration of foreign invested real estate enterprises is regulated as follows: (i) foreign invested real estate enterprises increasing equity interest capital on and after June 1, 2007 may raise foreign debt financing limited to the balance of scope of difference between the total investment and the registered capital. Provided that such scope of difference between the total investment and

the registered capital after increasing capital is shorter than that of before the increasing capital, the shorter one shall prevail, and (ii) that the SAFE will no longer process foreign debt registration or foreign exchange settlement for foreign debt for foreign invested real estate enterprises that obtained approval certificates from and filed with MOFCOM on or after June 1, 2007.

On May 10, 2013, SAFE issued Notice on Printing and Distributing the Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China and the Supporting Documents (《國家外匯管理局關於印發〈外國投資者境內直接投資外匯管理規定〉及配套文件的通知》), subsequently amended in February 2016 and October 2018, which includes three appendices as follows: (i) Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China, (ii) List of Repealed Regulations on Foreign Exchange Administration over Direct Investment in China, and (iii) Business Operating Guidelines for Domestic Direct Investment.

Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China (《外國投資者境內直接投資外匯管理規定》) (the “Provisions”), which was promulgated on May 11, 2013 and became effective on May 13, 2013. The Provisions set out the general principles for foreign exchange control in direct investments of foreign investors, and specific provisions on the foreign exchange registration, foreign exchange account management, foreign exchange settlement and sales, as well as supervision and administration of banks engaging in the foreign exchange business related to direct investments of foreign investors. The Provisions apply to foreign investors setting up foreign investment enterprises, foreign investment projects and foreign-invested financial institutions in China through methods of new establishment, mergers or acquisitions, and obtaining the ownership right, control right and business management right of domestic enterprises. The Provisions also apply to domestic direct investments of investors from Hong Kong, Macao and Taiwan.

Business Operating Guidelines for Domestic Direct Investment (《境內直接投資業務操作指引》) (the “Guidelines”), which were promulgated on May 11, 2013 and became effective on May 13, 2013. The Guidelines provide advice on basic information registration of prior-period costs, basic information registration of the newly established foreign-invested enterprises, basic information registration of foreign-invested enterprises set up through mergers or acquisitions by foreign investors, registration to conform foreign investors’ cash and non-cash capital contributions, opening, entry and use of foreign exchange capital accounts, prior-period costs foreign exchange accounts, domestic asset realization accounts, domestic re-investment special accounts, security deposit special foreign exchange accounts, as well as transfer and remittance of foreign exchange funds for domestic direct investments. On January 10, 2014, SAFE issued the Notice on the Further Improvement and Adjustment of the Foreign Exchange Control Policy for Capital Projects (《關於進一步改進和調整資本項目外匯管理政策的通知》), effective on February 10, 2014, which provides for, among others: (i) loosening of certain administrative procedures for the initial expenses outlay for overseas direct investments by domestic enterprises; (ii) loosening of certain restrictions on overseas lending by domestic enterprises; (iii) simplifying the procedures for remitting profits offshore by domestic enterprises. In March 30, 2015, SAFE issued Notice on the Reform of Foreign Investment Enterprises of Foreign Exchange Capital Settlement Management (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) which came into effective since June 1, 2015. The notice provides that a voluntary foreign exchange settlement system will be established. On June 9, 2016, SAFE issued the Notice to Reform and Regulate the Administration Policies of Foreign Exchange Capital Settlement (《關於改革和規範資本項目結匯管理政策的通知》) to further reform foreign exchange capital settlement nationwide. SAFE promulgated the Circular to Further Promote Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) on October 23, 2019 to further ease cross-border trade and investment, such as canceling restrictions on the use of foreign exchange settlement in domestic asset transaction accounts and allowing foreign non-investment enterprises to carry out domestic equity investment provided that such investment will not violate applicable special administrative measures (negative list) for foreign investment access and the projects to be invested shall be authentic and legitimate.

Income Tax

According to the Income Tax Law of The People's Republic of China for Foreign-invested Enterprises and Foreign Enterprises (《中華人民共和國外商投資企業和外國企業所得稅法》) which was promulgated by People's National Congress (the "NPC") on April 9, 1991 and implemented on July 1, 1991 and its detailed rules promulgated by State Council on June 30, 1991, the income tax on enterprises with foreign investment should be computed on the taxable income at the rate of 30%, and local income tax should be computed on the taxable income at the rate of 3%, whereas foreign-invested productive enterprises established in special economic zones (including the Xiamen Special Economic Zone) should be taxed at a preferential income tax rate of 15%. Pursuant to the Provisional Regulations of the People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅暫行條例》) issued by the State Council on December 13, 1993, effective on January 1, 1994 and amended on January 8, 2011 and the Detailed Implementation Rules on the Provisional Regulations of The People's Republic of China on Enterprise Income Tax (《中華人民共和國企業所得稅暫行條例實施細則》) issued by the PRC Ministry of Finance on February 4, 1994, the income tax rate applicable to Chinese enterprises other than foreign-invested enterprises and foreign enterprises was 33%.

Under the Approval on Construction of Xiamen Special Economic Zone (《對福建省關於建設廈門經濟特區的批覆》), enterprises established within the Xiamen Special Economic Zone should be taxed at a preferential income tax rate of 15%.

According to the New PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), or the EIT Law, enacted by the NPC on March 16, 2007, effective since January 1, 2008 and amended on February 24, 2017 and December 29, 2018 respectively, a uniform income tax rate of 25% should be applied to foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. This new tax law supersedes the Income Tax Law of the PRC for Foreign Invested Enterprises and Foreign Enterprises and the Provisional Regulation of the PRC on Enterprise Income Tax. Furthermore, unlike the Income Tax Law of the People's Republic of China for Foreign-invested Enterprises and Foreign Enterprises, which specifically exempted withholding tax on any dividends payable to non-PRC enterprise investors, the EIT Law provides that an income tax rate of 20% will normally be applicable to dividends payable to non-PRC enterprise investors which are derived from sources within the PRC, unless there exists a tax treaty between the PRC and the relevant jurisdictions in which such non-PRC enterprise shareholders reside whereupon the relevant tax may be reduced or exempted. In accordance with the EIT Law and the Implementation Rules of the People's Republic of China on the Enterprise Income Tax Law (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, effective January 1, 2008 and subsequently amended on April 23, 2019, a reduced income tax rate of 10% shall be applicable to any dividends payable to non-PRC enterprise investors from foreign invested enterprises.

The EIT Law also provides a five-year transition period starting from its effective date for those enterprises which were established before the promulgation date of the new tax law and which were entitled to a preferential lower income tax rate under the then effective tax laws or regulations. The income tax rate of such enterprises will gradually transition to the uniform tax rate within the transition period in accordance with implementing rules issued by the State Council. On December 26, 2007, the State Council issued the Circular to Implement the Transition Preferential Policies for the Enterprise Income Tax (《關於實施企業所得稅過渡優惠政策的通知》), under which, for those enterprises then entitled to a preferential income tax rate of 15% and established before March 16, 2007, the transition income tax rate should be 18%, 20%, 22%, 24% and 25% respectively in 2008, 2009, 2010, 2011 and 2012.

Business Tax and Value Added Tax

Business tax is payable in respect of certain business activities in China as set out in the Provisional Regulations Concerning Business Tax (《中華人民共和國營業稅暫行條例》) promulgated by the State Council on December 13, 1993 and implemented on January 1, 1994 and the Detailed Implementation Rules on the

Provisional Regulations of The People's Republic of China on Business Tax (《中華人民共和國營業稅暫行條例實施細則》) issued by the Ministry of Finance on December 25, 1993. The activities to which the business tax applies include construction, leases and sales of real estate properties in China. The tax is a turnover tax charged on gross revenue. No deduction of the tax incurred on purchased services or materials is allowed. However, deductions from gross revenue are allowed for subcontracting fees paid among the transportation, tourism and construction industries. The rate of business tax payable for property sale and leasing transactions is 5% of the proceeds from the sale or leasing of real estate/immovable properties in China. On November 10, 2008, the State Council amended the Provisional Regulations Concerning Business Tax which will come effective as of January 1, 2009. The Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on Business Tax was amended on December 15, 2008 and October 28, 2011 respectively.

Pursuant to the “Notice of the on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner” (關於全面推開營業稅改徵增值稅試點的通知) (Cai Shui [2016] No. 36) issued on March 23, 2016, implemented on May 1, 2016 and partly abolished on July 1, 2017 and March 20, 2019 by the MOF and the SAT, the sale of self-developed old real estate projects (real estate projects launched before April 30, 2016, as stated on their construction works commencement permit) by the common taxpayer shall be subject to a simple tax rate of 5%. Real estate developers selling real estate projects by advance payment will be subject to an appreciation tax of 3% when receiving such payment.

Pursuant to the “Interim Measures on the Management of Value Added Tax of Self-developed Real Estate Project by the Sale of 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, implemented on May 1, 2016 and amended on June 15, 2018 by SAT, “self-development” means infrastructure facilities and buildings erected on the land with land use rights which developed by a real estate development company (“taxpayer”). These measures are also applicable to a development completed by a taxpayer after such project is taken over.

VAT is payable by taxpayers in the calendar month immediately following receipt of the presale proceeds of real estate self-development in accordance with the following formula:

$$\text{Prepaid VAT} = \text{Presale proceeds} \div (1 + \text{applicable rate or simplified rate}) \times 3\%$$

The applicable rate is 11%. For taxpayers conducting old real estate projects and that have chosen the simplified tax method, the simplified rate of 5% will be applied in calculating the Prepaid VAT. Once the simplified tax method is chosen, it will be applicable for 36 months.

Old real estate projects refer to: (1) real estate projects with commencement dates of construction prior to April 30, 2016 (as stated in the construction works commencement permit), and (2) construction projects with construction permits that do not state the date of construction or construction projects with commencement dates of construction stated in the construction contracts prior to April 30, 2016 that have not received construction permits.

On November 19, 2017, the Provisional Regulations Concerning Business Tax was abolished and the Interim Regulations of the People's Republic of China on Value Added Tax (中華人民共和國增值稅暫行條例) was revised by the State Council. According to the revised Interim Regulations of the People's Republic of China on Value Added Tax, selling goods, providing labor services of processing, repairs or maintenance, or selling services, intangible assets or real property in the PRC, or importing goods to the PRC, shall be subject to value added tax. According to a notice jointly issued by MOF and SAT in April 2018, starting from May 1, 2018, the VAT rate will be lowered from 17% to 16% for manufacturing and certain other industries, and from 11% to 10% for transportation, construction, real estate leasing service, sale of real estate, basic

telecommunication services and farm produce. According to a notice jointly issued by MOF, SAT and the General Administration of Customs in March 2019, from April 1, 2019, the value-added tax rate of 16% will be further lowered to 13% and the value-added tax rate of 10% will be further lowered to 9%.

Real Estate Tax

Under the Interim Regulations of the People's Republic of China on Real Estate Tax (《中華人民共和國房產稅暫行條例》) promulgated by the State Council on September 15, 1986, implemented on October 1, 1986 and amended on January 8, 2011, real estate tax shall be 1.2% if it is calculated on the basis of the residual value of a building, and 12% if it is calculated on the basis of the rental.

The State Council recently approved, on a trial basis, the launch of a new real estate tax scheme in selected cities. The detailed measures will be formulated by the governments of the pilot provinces, autonomous regions or municipalities directly under the central government. On January 27, 2011, the governments of Shanghai and Chongqing issued their respective measures for implementing pilot real estate tax schemes, which became effective on January 28, 2011. Under the Shanghai Provisional Rules on the Trial in Collection and Administration of Real Estate Tax on Certain Individual Residential Houses (《上海市開展對部分個人住房徵收房產稅試點的暫行辦法》), among other things, (i) starting on January 28, 2011, Shanghai shall, on a trial basis, levy real estate taxes on a newly bought second or succeeding house in Shanghai which is purchased by a local resident family and each newly bought house in Shanghai which is purchased by a non-local resident family; (ii) the applicable rate of the real estate tax is 0.4% or 0.6%, subject to specified circumstances; and (iii) the real estate tax shall be temporarily payable on the basis of 70% of the transaction value of the taxable house. Moreover, the Shanghai real estate tax rule provides several measures for tax deduction or exemption, including the rule that if a local resident family's GFA per capita, calculated on the basis of the consolidated living space (including the newly bought house) owned by such family, is not more than 60 sq.m., such family is temporarily exempted from real estate tax when purchasing a second house or more after January 28, 2011 in Shanghai. Under the Chongqing Implementation Rules on Collection and Administration of Real Estate Tax of Individual Residential Houses (《重慶市個人住房房產稅徵收管理實施細則》) issued by the Chongqing government which became effective on January 28, 2011 and was amended on January 13, 2017, real estate tax will be imposed on (i) stand-alone residential properties (such as villas) owned by individuals, (ii) high-end residential properties purchased by individuals on or after January 28, 2011, the purchase prices per square meter of which are two or more times of the average price of new residential properties developed within the nine major districts of Chongqing in the last two years and (iii) the first or further ordinary residential properties purchased on or after January 14, 2017 by non-resident individuals who are not employed in and do not own an enterprise in Chongqing, at rates ranging from 0.5% to 1.2% of the purchase price of the property. These two governments may issue additional measures to tighten the levy of real estate tax. It is also expected that more local governments will follow Shanghai and Chongqing to impose real estate tax on commodity properties.

Stamp Duty

Persons who have executed or received dutiable documents within China are subject to stamp tax according to 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, implemented on October 1, 1988 and amended in January 2011. Dutiable documents include contracts or documents of a contractual nature for the sale of goods, the undertaking of processing work, the contracting of construction and engineering projects, the lease of property and technology, as well as transfer of property. A stamp tax by each party to the stampable documents at the rate of 0.05% is payable in respect of transfer of properties based on the contractual price of the property transferred and at the rate of 0.1% of the total amount of rent in respect of the leasing of properties.

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 and implemented on November 1, 1988, the land use tax in respect of urban land is levied according to the area of relevant land. The annual tax on every square meter of urban land shall be between RMB0.2 and RMB10 and be collected according to the tax rate determined by the local tax authority. According to the Notice on Land Use Tax Exemption of Foreign-Invested Enterprises and Institutions of Foreign Enterprises in China (《關於對外商投資企業和外國企業在華機構不徵收土地使用稅的通知》) promulgated by the Ministry of Finance on November 2, 1988 and the Approval on Land Use Tax Exemption of Foreign-Invested Enterprises (《關於外商投資企業徵免土地使用稅問題的批覆》) issued by SAT on March 27, 1997, land use fees should be collected instead of land use tax in a foreign-invested enterprise.

However, the Provisional Regulations of the People's Republic of China Governing Land Use Tax in Urban Areas were revised by the State Council on December 31, 2006, January 8, 2011 and December 7, 2013 respectively. As of January 1, 2007, land use tax shall be collected from foreign-invested enterprises. The annual tax on every square meter of urban land shall be between RMB0.6 and RMB30.0.

Municipal maintenance tax

Under the Interim Regulations of the People's Republic of China on Municipal Maintenance Tax (《中華人民共和國城市維護建設稅暫行條例》) promulgated on February 8, 1985 and amended on January 8, 2011 by the State Council, any taxpayer, whether an individual or otherwise, of consumption tax, value-added tax or business tax shall be required to pay municipal maintenance tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county and a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town. Under the Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge for Foreign-invested Enterprises and Foreign Enterprises (《關於外商投資企業和外國企業暫不徵收城市維護建設稅和教育附加的通知》), and the Approval on Exemption of Municipal Maintenance Tax and Education Surcharge in Foreign-invested Freightage Enterprises (《關於外商投資貨物運輸企業免徵收城市維護建設稅和教育附加問題的批覆》) issued by SAT on February 25, 1994 and on September 14, 2005 respectively, the municipal maintenance tax shall not be applicable to foreign-invested enterprises with foreign investment for the time being, until further explicit stipulations are issued by the State Council.

However, according to the Notice on Unifying the Municipal Maintenance Tax and Education Surcharge System of Domestic Enterprises, Foreign-Invested Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) as issued by the State Council on October 18, 2010, the municipal maintenance tax became applicable to foreign-invested enterprises as of December 1, 2010.

Education surcharge

Under the Interim Provisions on Imposition of Education Surcharge (《徵收教育費附加的暫行規定》) promulgated by the State Council on April 28, 1986 and as amended on June 7, 1990, August 20, 2005 and January 8, 2011, respectively, a taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas (《國務院關於籌措農村學校辦學經費的通知》).

However, according to the Notice on Unifying the Municipal Maintenance Tax and Education Surcharge System of Domestic Enterprises, Foreign-Invested Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) as issued by the State Council on October 18, 2010, the education surcharge became applicable to foreign-invested enterprises as of December 1, 2010.

Tax Administration Between Affiliated Enterprises

Pursuant to the Implementation Measures for Special Taxation Adjustments (For Trial Implementation) (《特別納稅調整實施辦法(試行)》), or the Implementation Measures, which was promulgated on January 8, 2009 and came into effect retroactively on January 1, 2008, any resident enterprise subject to the audit taxation (查帳徵收) and any non-resident enterprise with establishments or offices in the PRC that file and pay the enterprise income tax shall, when filing its annual enterprise income tax return with the competent tax authorities, attach thereto a Statement Form of Enterprises on Annual Affiliated Transactions (“企業年度關聯業務往來報告表”). Meanwhile, it is required for an enterprise to prepare, preserve and submit at the request of tax authorities the contemporaneous documents based on its taxable years, unless otherwise provided in the Implementation Measures. Tax authorities shall be duly entitled to identify enterprises to be investigated and make investigations and adjustments for the transfer pricing. For transactions between domestic affiliated enterprises being actually subject to identical tax burdens, as long as such transactions do not directly or indirectly result in any decline in the national total tax revenue, no transfer pricing investigation or adjustment shall be made in principle. If the tax authorities deliver the notice of investigation and adjustment for special taxation to an enterprise, the enterprise shall pay its tax and interest thereon within the specified period.

However, the SAT promulgated the Announcement on Matters Relating to Improved Administration of Related Party Declarations and Contemporaneous Documentation (《關於完善關聯申報和同期資料管理有關事項的公告》) (“Announcement No. 42”) on June 29, 2016 and the Announcement on Promulgation of Administrative Measures on Special Tax Investigation, Adjustment and Mutual Agreement Procedure (《關於發佈〈特別納稅調查調整及相互協商程式管理辦法〉的公告》) (“Announcement No. 6”) on March 17, 2017, which came into effect on June 29, 2016 and May 1, 2017 respectively and replaced the Implementation Measures partly. According to Announcement No. 42, any resident enterprise subject to the audit taxation (查帳徵收) and any non-resident enterprise with establishments or offices in the PRC that file and pay the enterprise income tax shall, when filing its annual enterprise income tax return with the competent tax authorities, declare the transactions with their affiliated parties and attach thereto a Statement Form of Enterprises in the People’s Republic of China on Annual Affiliated Transactions (2016 Version) (“中華人民共和國企業年度關聯業務往來報告表(2016年版)”). Meanwhile, it is required for an enterprise to prepare and submit at the request of tax authorities the contemporaneous documents based on its taxable years, which include entity files, local files and special matter files, unless otherwise provided in Announcement No. 42. Pursuant to Announcement No. 6, the tax authorities shall adopt means such as examination of declarations of the affiliated transactions, management of the contemporaneous documentation, monitoring of profit level to implement monitoring and administration of special tax adjustment for enterprises. Upon an enterprise is selected for investigation, the tax authorities should deliver the Notice on Tax Inspection (“稅務檢查通知書”) to the enterprise. After investigation, the tax authorities do not discover any special tax adjustment issues with the enterprise, the Notice on Conclusion of Special Tax Investigation (“特別納稅調查結論通知書”) shall be delivered to the enterprise. Where, after investigation, some special tax adjustment issues with the enterprise is found, the tax authorities shall first draft the special tax investigation and adjustment project and then negotiate with the enterprise. If the enterprise refuse to negotiate or after negotiation the tax authorities come to the conclusion that the special tax adjustment shall be performed by the enterprise, the Notice on Special Tax Investigation and Preliminary Adjustment (“特別納稅調查初步調整通知書”) shall be delivered to the enterprise. Upon receipt of the Notice on Special Tax Investigation and Preliminary Adjustment, where the enterprise raises the objection, the tax authorities shall negotiate and deliberate again and the Notice on Special Tax Investigation and Adjustment (“特別納稅調查調整通知書”) delivered to the enterprise finally shall be

based on the deliberation conclusion. Where, after receipt of the Notice on Special Tax Investigation and Preliminary Adjustment, the enterprise does not raise any objection within the stipulated period, or refuses to negotiate after raising the objection, or where the enterprise has raised its objection but the tax authorities decide on non-adoption after deliberation, the tax authorities shall use the preliminary project as the final adjustment project, and deliver the Notice on Special Tax Investigation and Adjustment.

Legal Supervision Relating to Property Management Sector in the PRC

According to the Special Administrative Measures (Negative List) for Foreign Investment Access (2020 Version), property management does not fall within the Negative List.

According to the Regulation on Property Management (《物業管理條例》) enacted by the State Council on June 8, 2003, enforced on September 1, 2003, and as amended on August 26, 2007 and February 6, 2016 respectively, the state implements a qualification scheme system in monitoring the property management enterprises. According to the Measures for Administration of Qualifications of Property Service Enterprises (《物業服務企業資質管理辦法》) enacted by the MOHURD on March 17, 2004, as amended on October 30, 2007 and May 4, 2015 respectively, a newly established property service enterprise shall, within 30 days from the date of receiving its business license, apply to the relevant local bureau in charge of the property management under the local government or to the municipalities directly under the Central Government for a provisional qualification. The departments of qualification examination and approval will check and issue a “property service qualification certificate” corresponding to their grading assessment results.

On March 8, 2018, the Measures for Administration of Qualifications of Property Service Enterprises was abolished. On March 19, 2018, the Regulation on Property Management was revised so that a qualification scheme system in monitoring the property management enterprises was no longer existed.

In accordance with the Regulation on Property Management and the Properties Rights Law, owners may engage or dismiss a property service company with the consent of more than half of the owners who in the aggregate hold more than 50% of the total non-communal area of the building.

Legal Supervision Relating to Hotel Sector in the PRC

Foreign-invested Hotel Project

According to the Special Administrative Measures (Negative List) for Foreign Investment Access (2020 Version), construction and operation of hotels does not fall within the Negative List.

Hotel Management

The procedures involved in hotel construction in China including obtaining approval for land use, project planning and project construction shall also be subject to the aforementioned regulations relating to property development.

There is currently no special authority in China responsible for the daily management of hotel business. The supervision of daily management of hotel business belongs to different authorities in accordance with the respective business scopes of different hotels. The supervision mainly includes the following:

- (i) Legal supervision on security and fire control

Pursuant to the Measures for the Control of Security in the Hotel Industry (《旅館業治安管理辦法》) issued by the Ministry of Public Security of the People's Republic of China, enforced on November 10, 1987 and as amended on January 8, 2011 by state council of PRC, a hotel can operate only after obtaining an approval from the local public security bureau and a business license has been granted. The hotel enterprise should file to the local public security bureau and its branches in the county or city, if hotel enterprise has any change including closing, transferring or merging of business, changing place of business and name, etc. Pursuant to the Provisions on the Administration of Fire Control Safety of State Organs, Organizations, Enterprises and Institutions (《機關、團體、企業、事業單位消防安全管理規定》) enacted by the Ministry of Public Security on November 14, 2001, enforced on May 1, 2002 and amended on May 21, 2009, hotels (or motel) are units which require special supervision on fire control and safety. When the hotels are under construction, renovation or re-construction, fire control examination procedure is required to carry out and when the construction, renovation or re-construction project is completed, the hotels can only open for business after passing a fire control inspection.

(ii) Supervision on public health

According to relevant regulations and rules in relation to public health, hotels fall in the scope of public health supervision. The operating enterprise should gain the sanitation license. The measures for granting and managing sanitation licenses are formulated by public health authority of province, autonomous region, and municipality directly under the central government. Sanitation license is signed by public health administration above county level and its grant is taken charge of by public health and epidemic prevention institutions. The sanitation license should be reviewed once every two years.

(iii) Supervision on food business

According to the relevant regulations and rules in relation to food business supervision, hotels operating catering services should obtain food business licenses. The food hygiene licenses are grant by the food and drug administration authorities above county level.

(iv) Supervision on entertainment

According to the Regulation on the Administration of Entertainment Venues (《娛樂場所管理條例》) enacted by the State Council on January 29, 2006, enforced on March 1, 2006 and amended on February 6, 2016, hotels that operate singing, dancing and game places for profits should apply to the local competent departments for culture administration under the people's government at the county level or above for the entertainment commercial operation approval. The competent departments for entertainment administration shall issue a license for entertainment business operations, which verifies the number of consumers acceptable to the entertainment venue according to the prescriptions as set down by the competent department governing entertainment administration under the State Council if it approves the application. According to the regulations concerning broadcast, movie and TV, foreign-related hotels above three-star or the second rank of the national standards may apply to local broadcast and television administration of the county or above for setting ground equipment receiving satellite signal to receive entertainment programs from abroad. After finishing setting ground equipment and gain the approval from broadcast and television administration of the province, autonomous region, and municipality directly under the central government and the approval from state security administration, the permit of receiving foreign television program from satellite (接收衛星傳送的境外電視節目許可證) should be issued.

(v) Supervision on special equipment security

Elevators (lifts or escalators), boilers and pressure containers and so on are special equipment. According to the Regulations on Security Supervision of Special Equipment (《特種設備安全監察條例》) enacted by the State Council on March 11, 2003, enforced on June 1, 2003 and amended on January 24, 2009, hotels should register with the special equipment security supervisory authority of municipality directly under the central government or city which has set up districts, and should apply for inspection regularly with the special equipment examination institution a month before the expiration of security examination according to the requirement of regular examination by technical security standard.

(vi) Supervision on sale of tobacco

According to law and regulations in relation to sale of tobacco, hotels that operate retail sales of tobacco should apply to the tobacco monopoly administration for a Tobacco Monopoly Retail License. According to the Special Administrative Measures (Negative List) for Foreign Investment Access (2020 Version), wholesale and retail of tobacco, cigarettes, redried tobacco leaf and other tobacco products falls within the prohibited catalogue.

NDRC registration for foreign debts

On September 14, 2015, the NDRC issued the NDRC Circular, which came into effect on the same date. According to the NDRC Circular, domestic enterprises and their overseas controlled entities should register any debt securities issued outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within ten business days after the completion of the issue of the securities. The NDRC Circular itself is silent on the legal consequences of non-compliance with the pre-issue registration requirement. Similarly, there is no clarity on the legal consequences of non-compliance with the post-issuance filing requirement under the NDRC Circular. On May 11, 2018, the NDRC and the MOF jointly issued the Notice on Promoting the Market Restraint Mechanisms to Strictly Prevent the Risks of Foreign Debt and Local Debt (《關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知》) which reiterated the regulatory administration of foreign debt. On June 27, 2018, NDRC emphasized in a post on its website that the proceeds from bond offerings offshore by PRC property enterprises are to be mainly used for the repayment of debts due and are restricted from being used for investments in property projects within or outside China or working capital. The NDRC also expressed that it plans to further regulate and standardize, among others, the relevant qualifications for the issuance of foreign debt and the usage of funds from such issuance by enterprises. On July 12, 2019, NDRC published a Notice on Requirements for Foreign Debt Registration Application by Real Estate Enterprises (《關於對房地產企業發行外債申請備案登記有關要求的通知》) on its website which imposes more restrictions on the use of proceeds of foreign debts incurred by real estate developers. According to the notice, the use of proceeds of foreign debt incurred by a real estate developer is limited to refinancing its medium to long term offshore debts which will become due within one year, and the real estate developer is required to specify in the documents for application of foreign debt registration with NDRC the details of such medium to long term offshore debts to be refinanced, such as amount, maturity date and whether such medium to long term offshore debts were registered with NDRC. The real estate developer is also required to submit a commitment letter to NDRC regarding the authenticity of its foreign debt issuance. Failure to comply with these restrictions, the real estate developer may be blacklisted and prevented from obtaining foreign debt registrations in the future.

Outbound Investment Administration of NDRC

On December 26, 2017, NDRC issued the Administrative Measures for the Outbound Investment of Enterprises (《企業境外投資管理辦法》), or the Measures, effective from March 1, 2018. Under the Measures, sensitive outbound investment projects carried out by PRC enterprises either directly or through overseas enterprises under their control shall be approved by NDRC, and non-sensitive outbound investment projects directly carried out by PRC enterprises shall be filed with NDRC or its local branch at provincial level. In the case of the large-amount non-sensitive outbound investment projects with the investment amount of USD300

million or above carried out by PRC enterprises through the overseas enterprises under their control, such PRC enterprises shall, before the implementation of the projects, submit a report describing the details about such large-amount non-sensitive projects to NDRC. Where the PRC resident natural persons make outbound investments through overseas enterprises under their control, the Measures shall apply mutatis mutandis. Subsequently on January 31, 2018, NDRC issued the Catalogue of Sensitive Outbound Investment Industry (2018 Version)(《境外投資敏感行業目錄(2018年版)》)effective from March 1, 2018 under which enterprises shall be restricted from making outbound investments in certain industries including without limitation real estate and hotel.

The following diagram illustrates our corporate structure as of the date of this offering memorandum.



(1) The registered capital has not yet fully paid as required by the articles of association of this company.

(2) This company has failed to perform its obligation under effective judgments according to the search system of the Supreme People's Court of the PRC.

(3) This company is in the process of dissolution.

(4) This company is in the process of dissolution. This company's shares have been pledged to the relevant bank or trust company.

(5) The entire equity interest in Shanghai Jinyue Real Estate Development Co., Ltd. was transferred to a financial institution as a security for the borrowing of loan of another project company and such equity interest will be repurchased by us upon the repayment of borrowing.

⁽⁶⁾ This company and such equity interest will be repurchased by us upon the repayment of borrowings. This company has been included in the list of abnormal operation by the local market regulatory authority as it failed disclosing its annual report within the period as required by relevant PRC laws.

List of Group Entities in Our Corporate Structure

1	Foshan Hexie Jiayuan Property Co., Ltd	佛山和諧家園房地產有限公司
2	Beijing Tianlun Huanyu Investment Management Co., Ltd	北京天倫寰宇投資管理有限公司
3	Shenyang Marketing Development Co., Ltd.	瀋陽市市場開發有限公司
4	Shenyang Zhongguang Northern Film Studio Limited	瀋陽中廣北方影視城有限公司
5	Shenyang Rongtian Property Development Co., Ltd	瀋陽榮天房地產開發有限公司
6	Shenyang Coastal Rongtian Properties Limited	瀋陽沿海榮天置業有限公司
7	Wuhan Hanhai Real Estate Development Co., Ltd.	武漢市瀚海房地產開發有限公司
8	Tianjin Hexie Jiayuan Development Limited	天津和諧家園建設開發有限公司
9	Coastal Greenland Development (Wuhan) Co.,Ltd.	沿海綠色家園發展（武漢）有限公司
10	Wuhan Zhisheng Group Co.,Ltd	武漢致盛集團有限公司
11	Shanghai Coastal Investment Management Co., Ltd.	上海沿商投資管理有限公司
12	Anhui Shengtian Property Company Limited	安徽晟天置業有限公司
13	Anhui Shenghe Property Company Limited	安徽晟和置業有限公司
14	Yuzhou Properties (Beijing) Co., Ltd.	禹洲地產（北京）有限公司
15	Beijing Yaozhou Realty Co., Ltd.	北京堯洲置業有限公司
16	Beijing Xuteng Real Estate Development Co., Ltd.	北京煦騰房地產開發有限公司
17	Fujian Big World Huaxia Real Estate Development Co., Ltd.	福建大世界華夏房地產有限公司
18	Goastal Greenland Development (Fujian) Limited	沿海綠色家園發展（福建）有限公司
19	Fujian Yingfeng Real Estate Investment Co., Ltd.	福建盈峰地產投資有限公司
20	Fuzhou Xiangzhou Real Estate Development Co., Ltd.	福州翔洲房地產開發有限公司
21	Anhui Overseas City Construction & Development Co., Ltd.	安徽華僑城建設發展有限公司
22	Hefei Yuzhou Real Estate Development Co., Ltd.	合肥禹洲房地產開發有限公司
23	Hefei Kangli Realty Co., Ltd.	合肥市康麗置業有限公司
24	Hefei Ludong Real Estate Development Co., Ltd.	合肥廬東房地產開發有限責任公司
25	Yuzhou Properties (Hefei) Eastern Town Company Limited	禹洲置業（合肥）東城有限公司
26	Hefei Shunzhou Realty Co., Ltd.	合肥舜洲置業有限公司
27	Hefei Bozhou Real Estate Development Co., Ltd	合肥博州房地產開發有限公司
28	Huainan Yuzhou Real Estate Development Company Limited	淮南禹洲房地產開發有限公司
29	Xiamen Yuzhou Hotel Invest & Manage Co., Ltd.	廈門禹洲酒店投資管理有限公司
30	Shanghai Yuzhou Hotel Management Co., Ltd.	上海禹洲酒店管理有限公司
31	Longyan Yuzhou Real Estate Development Co., Ltd.	龍岩禹洲房地產開發有限公司
32	Xiamen Junyu Trade Co., Ltd.	廈門俊宇貿易有限公司
33	Xin Yi Fang Tian (Quanzhou) Construction Materials Co., Ltd.	新易方天(泉州)建築材料有限公司
34	Xiamen Xin Cheng Li Da Trading Company Limited	廈門信成立達貿易有限公司
35	Fujian Yu Gang Construction Materials Company Limited	福建禹港建築材料有限公司
36	Xiamen Woyu Trading Company Limited	廈門沃禹貿易有限公司
37	Xiamen Shunhong Trading Company Limited	廈門市舜鴻貿易有限公司
38	Xiamen Haogang Trading Company Limited	廈門浩港貿易有限公司

39	Hangzhou Shunrun Trading Company Limited	杭州舜潤貿易有限公司
40	Shenzhen Hongyi Trading Company Limited	深圳鴻翼貿易有限公司
41	Shenzhen Hongcheng Trading Company Limited	深圳弘成貿易有限公司
42	Nanjing Bozhou Real Estate Development Co., Ltd.	南京博洲房地產開發有限公司
43	Nanjing Xiangzhou Real Estate Development Co., Ltd.	南京翔洲房地產開發有限公司
44	Nanjing Shunhong Real Estate Development Co., Ltd.	南京舜鴻房地產開發有限公司
45	Nanjing Haoyi Real Estate Development Co., Ltd.	南京灝溢房地產開發有限公司
46	Nanjing Yuyangdong Real Estate Development Co., Ltd.	南京禹陽東房地產開發有限公司
47	Jiangsu Guangsheng Property Co., Ltd.	江蘇廣升置業有限公司
48	Nanjing Zhixiang Real Estate Development Co., Ltd.	南京智翔房地產開發有限公司
49	Nanjing Yongxiang Real Estate Development Co., Ltd.	南京雍祥房地產開發有限公司
50	Nanjing Shunze Real Estate Development Co., Ltd.	南京舜澤房地產開發有限公司
51	Nanjing Hongshengguang Real Estate Development Co., Ltd.	南京弘盛廣房地產開發有限公司
52	Shandong Shanying Xiangzhou Property Co., Ltd.	青島山影翔洲置業有限公司
53	Yuzhou Properties (Quanzhou) Co., Ltd.	禹洲地產(泉州)有限公司
54	Shanghai Yuzhou Real Estate Investment Co.	上海禹洲房地產投資有限公司
55	Shanghai Kangtai Real Estate Development Co., Ltd.	上海康泰房地產開發有限公司
56	Shanghai Liyade Property Investment Co., Ltd.	上海利雅得投資置業有限公司
57	Shanghai Yanhai Real Estate Development Co., Ltd.	上海燕海房地產開發經營有限責任公司
58	Shanghai Jinyue Real Estate Development Co., Ltd.	上海金躍房地產開發有限公司
59	Shanghai Yuzhou Real Estate Development Co., Ltd.	上海禹洲房地產開發有限公司
60	Shanghai Kangyi Real Estate Development Co., Ltd.	上海康怡房地產開發有限公司
61	Shanghai Nankai Realty Development Ltd.	上海南凱置業發展有限公司
62	Yuzhou Properties (Shanghai) Company Limited	禹洲置業(上海)有限公司
63	Shanghai Fengzhou Real Estate Development Co., Ltd.	上海豐洲房地產開發有限公司
64	Shanghai Yaozhou Real Estate Development Co., Ltd.	上海堯洲房地產開發有限公司
65	Shanghai Shunzhou Real Estate Development Co., Ltd.	上海舜洲房地產開發有限公司
66	Shanghai Shunhong Real Estate Development Co., Ltd.	上海舜鴻房地產開發有限公司
67	Shanghai Haozhou Property Co., Ltd.	上海灝洲置業有限公司
68	Xiamen Yuzhou Commercial Investment & Management Co., Ltd.	廈門禹洲商業投資管理有限公司
69	Quanzhou Yuzhou Commercial Investment & Management Co., Ltd.	泉州禹洲商業投資管理有限公司
70	Shanghai Yuzhou Commercial Investment & Management Co., Ltd.	上海禹洲商業投資管理有限公司
71	Hefei Yaozhou Commercial Investment & Management Co., Ltd.	合肥堯洲商業投資管理有限公司
72	Shenzhen Wogang Investment Co., Ltd.	深圳沃港投資有限公司
73	Huizhou Yuzhou Yijie Real Estate Development Co., Ltd.	惠州禹洲益杰房地產開發有限公司
74	Huizhou Santian Industrial Development Co., Ltd.	惠州市三田實業發展有限公司
75	Tianjin YuzhouJinhai Real Estate Investment Co., Ltd.	天津禹洲津海地產投資有限公司
76	Yuzhou Properties (Tianjing) Co., Ltd.	禹洲地產(天津)有限公司
77	Tianjin Haozhou Property Co., Ltd.	天津灝洲置業有限公司

78	Tianjin Yuzhou Yucheng Real Estate Development Co., Ltd.	天津禹洲裕成房地產開發有限公司
79	Tianjin Yuzhou Xinghan Real Estate Development Co., Ltd.	天津禹洲興漢房地產開發有限公司
80	Wuhan Yuzhou Shunhong Property Co., Ltd.	武漢禹洲舜鴻置業有限公司
81	Wuhan Yuminghongzhou Real Estate Development Co., Ltd.	武漢禹明鴻洲房地產開發有限公司
82	Yuzhou Property Service Co., Ltd.	禹洲物業服務有限公司
83	Fujian Wanlong Property Management Co., Ltd.	福建萬龍物業管理服務有限公司
84	Xiamen Huaqiao City Real Estate Co., Ltd.	廈門華僑城房地產開發有限公司
85	Xiamen Fengxhou Real-Estate Co., Ltd.	廈門豐洲置業有限公司
86	Xiamen Yuzhou Grand Future Real Estate Development Co., Ltd.	廈門禹洲鴻圖地產開發有限公司
87	Xiamen Richville Development Ltd.	廈門貴豐房地產開發有限公司
88	Xiamen Yaozhou Real Estate Development Co., Ltd.	廈門堯洲房地產開發有限公司
89	Xiamen Kim International Realty Development Co., Ltd.	廈門金國際地產發展有限公司
90	Xiamen Diyuan Bonded Storage and Distribution Co., Ltd.	廈門帝元保稅儲運有限公司
91	Xiamen Gangyi Real Estate Marketing Agent Co.,Ltd.	廈門港誼房產營銷代理有限公司
92	Xiamen Skyplaz Realty & Development Co., Ltd.	廈門海天房地產開發有限公司
93	Xiamen Gangyi Real-Estate Co., Ltd.	廈門港誼置業有限公司
94	Xiamen Gangyi Communications Co., Ltd. (Xiamen Jingdehong Property Co., Ltd.)	廈門港誼通訊有限公司 (更名為廈門璟德弘置業有限公司)
95	Xiamen Yuzhou Property Development Co., Ltd.	廈門禹洲房地產開發有限公司
96	Xiamen Yuzhou Group Ltd.	廈門禹洲集團股份有限公司
97	Xiamen Yuzhou Seaview Property Development Co., Ltd.	廈門禹洲海景城房地產有限公司
98	Xiamen Shunzhou Real Estate Development Co., Ltd.	廈門舜洲房地產開發有限公司
99	Xiamen Xiang'anwan Baseball and Softball Industrial Investment Co., Ltd.	廈門翔安灣棒壘球產業投資有限公司
100	Xiamen Honggang Property Investment Co., Ltd.	廈門泓港投資置業有限公司
101	Xiamen Rungang Property Investment Co., Ltd.	廈門潤港投資置業有限公司
102	Xiamen Wogang Property Investment Co., Ltd.	廈門沃港投資置業有限公司
103	Xiamen Gangzhou Co., Ltd.	廈門市港洲有限公司
104	Xiamen Yuzhou City Co., Ltd.	廈門禹洲城有限公司
105	Xiamen Honggang Cultural and Creative co., Ltd	廈門泓港文化創意有限公司
106	Xiamen Yihai Consulting Co., Ltd	廈門亦海諮詢有限公司
107	Xiamen Yuzhou Foundation	廈門市禹洲公益基金會
108	Xiamen Gangyi Advertising Co., Ltd	廈門港誼廣告有限公司
109	Xiamen Xiangzhou Real Estate Development Co., Ltd.	廈門翔洲房地產開發有限公司
110	Xiamen Yizhi Property Co., Ltd.	廈門市毅智置業有限公司
111	Xiamen Hongjiada Property Co., Ltd.	廈門泓嘉達置業有限公司
112	Xiamen Haoyi Property Co., Ltd.	廈門市灝溢置業有限公司
113	Xiamen Honghaoda Property Co., Ltd.	廈門市泓灝達置業有限公司
114	Xiamen Haochangda Property Co., Ltd.	廈門吳昌達置業有限公司
115	Xiamen Shunbo Property Co., Ltd.	廈門舜博置業有限公司

116 Xiamen Hongkangda Property Co., Ltd.	廈門市鴻康達置業有限公司
117 Xiamen Hongshengguang Property Co., Ltd.	廈門市弘盛廣置業有限公司
118 Xiamen Yuzhou Yijie Real Estate Development Co., Ltd.	廈門禹洲益杰房地產開發有限公司
119 Zhangzhou Yuzhou Yixuan Real Estate Development	漳州市禹洲益軒房地產開發有限公司
120 Hefei Yifeng Real Estate Development Co., Ltd.	合肥溢豐房地產開發有限公司
121 Shanghai Chongming Yushang Real-Estate Co., Ltd.	上海崇明豫商置業有限公司
122 Xiamen Zhongrong Real Estate Development Co., Ltd.	廈門中蓉房地產開發有限公司
123 Zhengzhou Shunhong Real Estate Development Co., Ltd.	鄭州舜鴻房地產開發有限公司
124 Taicang Yuzhou Yilong Real Estate Development Co., Ltd.	太倉禹洲益龍房地產開發有限公司
125 Hefei Shunze Real Estate Development Co., Ltd.	合肥舜澤房地產開發有限公司
126 Xiamen Xuhong Real Estate Development Co., Ltd.	廈門煦鴻貿易有限公司
127 Shenzhen Jingxiang Trading Co, Ltd	深圳市璟翔貿易有限公司
128 Shenzhen Xukang Trading Co., Ltd	深圳市煦康貿易有限公司
129 Xiamen Hongyi Trading Co., Ltd	廈門鴻翼貿易有限公司
130 Qingdao Yuzhou Shunbo Property Co., Ltd	青島禹洲舜博置業有限公司
131 Shanghai Shunbo Real Estate Development Co., Ltd.	上海舜博房地產開發有限公司
132 Huizhou Huashang Leyuan Industrial Co., Ltd.	惠州市華商樂園實業有限公司
133 Tianjin Yuzhou Yude Properties Co., Ltd	天津禹洲裕德置業有限公司
134 Tianjin Shunze Properties Co., Ltd	天津舜澤置業有限公司
135 Shanghai Hongyi Real Estate Development Co., Ltd.	上海鴻翼房地產開發有限公司
136 Huizhou Dongrun Industrial Co., Ltd.	惠州市東潤實業有限公司
137 Kunshan Fuzhi Dingxin Equity Investment Enterprise	昆山富智鼎鑫股權投資企業（有限合夥）
138 Wuhan Lan Kong Real Estate Development Co., Ltd.	武漢藍空房地產開發有限公司
139 Suzhou Tengyu Real Estate Development Co., Ltd.	蘇州騰宇房地產開發有限公司
140 Suzhou Shunhong Real Estate Development Co., Ltd.	蘇州舜鴻房地產開發有限公司
141 Suzhou Yucheng Real Estate Development Co., Ltd.	蘇州裕成房地產開發有限公司
142 Hefei Ruiyun Realty Co., Ltd.	合肥瑞鑒置業有限公司
143 Hefei Xiangzhou Real Estate Investment Co., Ltd.	合肥翔洲房地產開發有限公司
144 Fuzhou Zexiang Real Estate Development Co., Ltd.	福州澤翔房地產開發有限公司
145 Xiamen Yuliantai Real Estate Development Co., Ltd.	廈門禹聯泰房地產開發有限公司
146 Tangshan Zhuoyue Real Estate Development Co., Ltd.	唐山卓越房地產開發有限公司
147 Zhoushan Rongdu Properties Co, Ltd	舟山榮都置業有限公司
148 Shanghai Zhexiang Real Estate Development Co., Ltd.	上海澤翔房地產開發有限公司
149 Xiamen Xiangze Trading Company Limited	廈門翔澤貿易有限公司
150 Xiamen Fengxiang Trading Company Limited	廈門豐翔貿易有限公司
151 Xiamen Xiangyi Trading Company Limited	廈門翔溢貿易有限公司
152 Chongqing Xiangze Real Estate Development Co., Ltd.	重慶翔澤房地產開發有限公司
153 Nan'an Yuzhou Fengxiang Real Estate Development Co., Ltd.	南安禹洲豐翔房地產開發有限公司
154 Shenyang Yuzhou Jiaze Real Estate Development Co., Ltd.	瀋陽禹洲嘉澤房地產開發有限公司

155 Anxi Jiaxin Property Co., Ltd.	安溪嘉信置業有限公司
156 Jinhua Baotuo Investment Co., Ltd.	金華市保拓投資有限公司
157 Xiamen Haoxiang Trading Co., Ltd.	廈門雍翔貿易有限公司
158 Xiamen Yuxintai Trading Co., Ltd.	廈門裕鑫泰貿易有限公司
159 Xuzhou Zhifeng Real Estate Development Co., Ltd.	徐州市智豐房地產開發有限公司
160 Suzhou Yuhong Business Management Co., Ltd.	蘇州禹鴻商業管理有限公司
161 Shenyang Yuzhou Management Co., Ltd.	瀋陽禹洲管理有限公司
162 Shenzhen Yuzhou Industrial Investment Co., Ltd.	深圳禹洲產業投資有限公司
163 Chongqing Douji Real Estate Development Co., Ltd.	重慶門十千房地產開發有限公司
164 Xiamen Zeyi Trading Co., Ltd.	廈門澤溢貿易有限公司
165 Xiamen Yuizhou Runda Apartment Management Co., Ltd.	廈門禹洲潤達公寓管理有限公司
166 Hangzhou Kangxi Real Estate Development Co., Ltd.	杭州康煜房地產開發有限公司
167 Hangzhou Yutai Trading Co., Ltd.	杭州禹泰貿易有限公司
168 Zhongshan Qiankun Trading Co., Ltd.	中山灝坤貿易有限公司
169 Shenzhen Yuzhou Business Management Co., Ltd.	深圳禹洲商業管理有限公司
170 Wuhan Yuhong Business Management Co., Ltd.	武漢禹鴻商業管理有限公司
171 Hangzhou Yuzhou Business Management Co., Ltd.	杭州禹洲商業管理有限公司
172 Qingdao Yuhong Real Estate Development Co., Ltd.	青島禹鴻房地產開發有限公司
173 Xiamen Lanlianxin Enterprise Management Co., Ltd.	廈門藍聯欣企業管理有限公司
174 Hefei Zexiang Real Estate Development Co., Ltd.	合肥澤翔房地產開發有限公司
175 Yuzhou Group Holdings Company Limited	禹洲集團控股有限公司
176 Dynasty International (1993) Pte Ltd	
177 Gangli Decoration Design Engineering Limited	港麗裝飾設計工程有限公司
178 Kim International Realty and Development Company Limited	菲律賓國際地產發展有限公司
179 Yuzhou International Holdings Company Limited (BVI)	禹洲國際控股有限公司
180 Hongkong Xingzhou Investment Limited	香港星洲投資有限公司
181 Fung Chow Holdings Limited	豐洲集團有限公司
182 Yuzhou Group (HK) Company Limited	禹洲集團(香港)有限公司
183 Hong Kong Fung Chow Investment Limited	香港豐洲投資有限公司
184 Civility Success Group Limited	謙成集團有限公司
185 Dollyway Investment Limited	多唯投資有限公司
186 Fame Gain International Limited	名加國際有限公司
187 Sheng Qi Investment Consultants Company Limited	聖奇投資顧問有限公司
188 Zheng Yi Lin International Company Limited	正易霖國際有限公司
189 Xin Yi Fang Tian International Company Limited	新易方天國際有限公司
190 Gangli Decoration Design Engineering Limited (BVI)	港麗裝飾設計工程有限公司(BVI)
191 Hong Kong Shun Chow Investments Limited	香港舜洲投資有限公司
192 Hong Kong Li Da Hong Xin Trading Company Limited	香港利達宏信貿易有限公司
193 Yi Yeung Tin Investment International Company Limited	易陽天投資國際有限公司

194 Yi Qi Yun Investment International Company Limited	易奇韻投資國際有限公司
195 Yuzhou Cultural and Creative Development Company Limited	禹洲文化創意發展有限公司
196 Huge Crown International Limited	浩冠國際有限公司
197 Pacific Maple International Limited	楓洋國際有限公司
198 Great Bloom Holdings Limited	
199 Great Bonus Limited	旺鴻有限公司
200 Orient Prize Inc	彩東有限公司
201 Regal Choice International Limited	君彩國際有限公司
202 Champion Art Limited	卓毅有限公司
203 Massive Profit Company Limited	廣溢宏有限公司
204 Chuang Rui Trading Limited	創睿貿易有限公司
205 Sea Harbour Limited	港洋有限公司
206 Rui Ying International Designs Limited	銳穎國際設計有限公司
207 Long Gain Limited	益遠有限公司
208 Best Ruler Investments Limited	卓皇投資有限公司
209 Top Rising Holdings Limited	高昇集團有限公司
210 Brilliant Bloom International Limited	耀成國際有限公司
211 Bright Champion International Limited	卓冠國際有限公司
212 Central Race Global Limited	正偉環球有限公司
213 Ocean Access Holdings Limited	達海集團有限公司
214 Affluent Ocean International Limited	裕海國際有限公司
215 Jumbo Ocean Development Limited	宏海發展有限公司
216 Ultra Smooth Limited	卓順有限公司
217 Keen Choice Limited	健采有限公司
218 Mark Funds Limited	朗融有限公司
219 Opulant Success Assets Limited	年順資產有限公司
220 Century East Group Limited	恒華集團有限公司
221 World On Development Limited	華安發展有限公司
222 Multi Earning Limited	茂恒有限公司
223 Smooth Land Limited	順林有限公司
224 World Fair Development Limited	華豐發展有限公司
225 Coastal Greenland Development (Shenyang) Co., Ltd.	沿海綠色家園發展（瀋陽）有限公司
226 Suzhou Yuzhou Xuanyi Real Estate Development Co., Ltd.	蘇州禹洲軒溢房地產開發有限公司
227 Hangzhou Yuxiang Real Estate Development Co., Ltd.	杭州禹翔房地產開發有限公司
228 Hangzhou Wogang Enterprise Management Co., Ltd.	杭州沃港企業管理有限公司
229 Ningbo Yuhong Real Estate Development Co., Ltd.	寧波禹鴻房地產開發有限公司
230 Shanghai Yuteng Real Estate Development Co., Ltd.	上海煦騰房地產開發有限公司
231 Shanghai Haochen Real Estate Development Co., Ltd.	上海煦辰房地產開發有限公司
232 Foshan Shunde Meiyusheng Real Estate Development Co., Ltd.	佛山市順德區美禹盛房地產開發有限公司

233 Foshan Yubo Real Estate Development Co., Ltd.	佛山市禹博房地產開發有限公司
234 Zhengzhou Yubo Real Estate Development Co., Ltd.	鄭州禹博房地產開發有限公司
235 Kaifeng Yuhecheng Real Estate Co., Ltd.	開封域合城置業有限公司
236 Yangzhou Yubo Real Estate Development Co., Ltd.	揚州舜博房地產開發有限公司
237 Shanghai Lanxiu City Real Estate Co., Ltd.	上海覽秀城置業有限公司
238 Shanghai Yuezhaoxiu Real Estate Co., Ltd.	上海悅兆秀置業有限公司
239 Wuxi Runteng Real Estate Development Co., Ltd.	無錫潤騰房地產開發有限公司
240 Hefei Woyu Real Estate Development Co., Ltd.	合肥沃禹房地產開發有限公司
241 Hefei Haozhou Real Estate Development Co., Ltd.	合肥灝洲房地產開發有限公司
242 Hangzhou Haozhou Enterprise Management Co., Ltd.	杭州灝洲企業管理有限公司
243 Hangzhou Shunze Enterprise Management Co., Ltd.	杭州舜澤企業管理有限公司
244 Hangzhou Yaozhou Enterprise Management Co., Ltd.	杭州堯洲企業管理有限公司
245 Qingdao Bozhou Real Estate Development Co., Ltd.	青島博洲房地產開發有限公司
246 Shenyang Jiaze Business Consulting Co., Ltd.	瀋陽嘉澤商務諮詢有限公司
247 Qingdao Yuteng Real Estate Development Co., Ltd.	青島煦騰房地產開發有限公司
248 Yangzhou Yujiada Business Management Co., Ltd.	揚州泓嘉達商務管理有限公司
249 Graceful Sage Limited	雅哲有限公司
250 Right Thrive Limited	正發有限公司
251 Zenith Scenery Limited	鼎景有限公司
252 Abundant Leap Limited	沛立有限公司
253 Lucent Dragon Limited	熹龍有限公司
254 True Trend Limited	誠向有限公司
255 Eternal Pride Limited	永滿有限公司
256 Pride Ridge Limited	傲嶺有限公司
257 The Center (58) Limited	

BUSINESS

Overview

We are one of the leading national property developers with our headquarters in Shanghai. We have consistently been named as one of the “Top 100 China Real Estate Enterprises”(中國房地產百強企業). Our primary focus is developing high-quality residential properties. In order to diversify our portfolio, we also develop retail and commercial properties, including office buildings, shopping malls and hotels, and retain some of them as long-term investments. In addition, we engage in property-related businesses such as residential and commercial property management. We have a track record of successfully bringing real estate projects in West Strait Economic Zone, Yangtze River Delta Region, Bohai Rim Region, Greater Bay Area, Central China Region and Southwest Region to the market. We have ranked top in Xiamen in terms of GFA contractually sold per annum for more than 13 years. In December 2019, MSCI released the 2019 ESG (Environmental, Social and Governance) Rating, and we were upgraded to BBB in ESG Rating, ranking the 1st among the domestic real estate enterprises. We were also ranked the 1st in both lists of “Best Investor Relations – Investment Grade” and “Best Use of Debt – Investment Grade” in the real estate and construction sector by an international authoritative financial magazine named “Institutional Investor” under its list of “Global Fixed-Income Executive Team 2019.” In the same year, we were ranked the 36th in “2019 Best 50 China Real Estate Developers” for the eighth year and the 34th in “2019 Best 50 China Real Estate Listed Companies with Strongest Comprehensive Strengths,” and were awarded the 2nd place in the “2019 Top 5 China Real Estate Listed Companies with Best Business Performances.” On February 6, 2018, Yuzhou Properties was incorporated into one of the constituent stocks of the “Hang Seng Composite LargeCap and MidCap Index”. On May 16, 2018, Yuzhou was selected as a constituent of the MSCI China Index and we became one of few property stocks in the MSCI China Index. After being selected into the Shenzhen-Hong Kong Stock Connect program in 2016, we were also incorporated into the Shanghai-Hong Kong Stock Connect program in 2018. The incorporation demonstrates high recognition of Yuzhou Properties’ enterprise value, stock liquidity and business performance from the market and professional organizations. We believe that our incorporation into the “Hang Seng Composite LargeCap and MidCap Index” as well as MSCI China Index will help further facilitate stock liquidity and trading volume, fostering the expansion of quality shareholders’ base of the Group. In January 2018, we received the “Shenzhen-Hong Kong Stock Connect Best Investment Value Award” at the “2017 China Financial Market Awards” hosted by China Financial Market, a well-known financial magazine. In 2018, China Real Estate Research Association, China Real Estate Association and CRIC jointly named us as one of the “2018 Best 50 China Real Estate Developers (Rank 37th)” and “2018 Best 10 China Real Estate Developers with Development Potential (Rank 3rd)”; China Real Estate Association and CRIC also ranked us as one of “2018 Best 50 China Real Estate Listed Companies with Strongest Comprehensive Strengths (Ranked the 35th)” and “2018 Best 5 China Real Estate Listed Companies with Business Performances (Ranked 2nd)”, as well as “2018 Fujian’s Top 10 Development Real Estate Enterprises (Rank 4th)”, “2018 Top 50 Chinese Real Estate Enterprises by Brand Value (Rank 31st)”; we were also awarded by Guandian.cn with “2018 China’s 100 Best Real Estate Enterprises (Rank 36th)”, “2018 China’s Top 30 Listed Real Estate Enterprises (G30) (Rank 28th)”, “2018 China’s Real Estate Enterprises with Best Brand Value (Top 30)”. In addition, we were also listed as “Top 100 Hong Kong Listed Companies Awards – Outstanding Property Industry Award” by Tencent and Finet, “2018 Quality Chinese Real Estate Enterprises Award” by the Organizing Committee for Quality Chinese Real Estate Enterprises Award, “2018 Corporate Social Responsibility Exemplar Award” by China Finance Summit, “2018 Shanghai Property Management Outstanding Demonstration Project Award” by Shanghai property management industry association and Shanghai “Magnolia Gold Award” in construction project by Shanghai construction industry association. We believe that this track record, together with the strong recognition of our “Yuzhou” brand and leading position across West Strait Economic Zone, Yangtze River Delta Region and Bohai Rim Region, positions us well to continue to expand into other cities in China. Our shares have been listed on the main board of the SEHK since November 2009 and our market capitalization was approximately HK\$18,197 million as of July 31, 2020.

We commenced our property development business in 1994. As of December 31, 2019, we had 156 projects (including our projects held for future development and potential projects) at various stages of development located in Xiamen, Nanjing, Shanghai, Fuzhou, Tianjin, Hefei, Bengbu, Quanzhou, Longyan, Zhangzhou, Suzhou, Hangzhou, Wuhan, Huizhou, Zhoushan, Yangzhou, Qingdao, Tangshan, Shenyang, Beijing, Bozhou, Zhengzhou, Foshan, Chongqing Ningbo, Shijiazhuang, Wuxi and Hong Kong. As of December 31, 2019, we had 60 projects completed with a total site area of approximately 4,237,129 sq.m. and a total GFA of approximately 12,198,128 sq.m., and 76 projects under development with a total site area of approximately 6,621,478 sq.m. and a total GFA of approximately 15,663,025 sq.m. As of the same date, we had 20 projects held for future development and potential projects with a total site area of approximately 3,607,055 sq.m. and a total GFA of approximately 4,284,700 sq.m. We have obtained land use rights certificates for the land for 155 of our projects completed, under development or held for future development. We are in the process of obtaining the land use rights certificates for 1 of our projects.

We believe that our success is attributable to our commitment to high-quality design and development, and our attention to details. For example, our “Yuzhou” brand has been recognized as a “Famous Brand” (著名商標) by the Fujian provincial government and the Xiamen municipal government and was named “2014 The Most Valuable Brand of China Property Sector” at the Boao Forum – 2014 China Properties Development and Ceremony of China Property Ranking held in Hainan Boao, China (the “Boao Forum”). In January 2014, we were awarded the “2013 Most Influential Property Company” by Fujian Daily (福建日報).

In 2017, 2018 and 2019, we delivered total GFA of approximately 1,502,611 sq.m., 1,536,405 sq.m. and 1,808,347 sq.m., respectively, generating revenue from property development of RMB21,213.4 million, RMB23,625.9 million and RMB22,470.2 million, respectively. Our revenue generated from property development during the three-year period ended December 31, 2019 was primarily from sales of residential properties and, to a lesser extent, from sales of retail properties and car park spaces. Revenue generated from sales of properties accounted for approximately 97.8%, 97.2% and 96.7% of our revenue in 2017, 2018 and 2019, respectively. In 2017, 2018 and 2019, our net profit for the year was approximately RMB3,127.1 million, RMB3,726.1 million and RMB3,966.8 million, respectively.

We intend to continue to focus on property developments in West Strait Economic Zone, Yangtze River Delta Region, Bohai Rim Region, Greater Bay Area, Central China Region and Southwest Region while pursuing a strategy of prudent growth by continuing our expansion in PRC property markets that may present higher-growth potential, including Xiamen, Fuzhou, Shanghai, Beijing, Tianjin, Nanjing, Hefei, Hangzhou, Suzhou, Quanzhou, Zhangzhou, Longyan, Bengbu and Hong Kong. We intend to continue to focus primarily on the development of residential properties while diversifying our property mix by increasing our commercial property development in the future.

Recent Developments

Change of Company Name

On April 24, 2020, we announced a proposal to change the English name of the Company from “Yuzhou Properties Company Limited” to “Yuzhou Group Holdings Company Limited” and the dual foreign name in Chinese of the Company from “禹洲地產股份有限公司” to “禹洲集團控股有限公司”. We believe that the change of the Company name reflects the long-term diversified business strategy of the Group and better promotes our corporate image and future business development. On June 4, 2020, the special resolution to approve the change of the Company name was passed by the shareholders of the Company at the annual general meeting. The change of the Company name became effective on June 5, 2020.

Acquisition of Hutchison Whampoa Properties (Chengdu) Limited

On July 23, 2020, RZ3262019 Limited, a company jointly and equally owned by our joint venture and Chengdu Ruizhuo Real Estate Co., Ltd. (成都瑞卓置業有限公司), entered into an amendment acquisition agreement with Happy Lion Ventures Ltd. and Chinex Limited, both of which are indirect wholly-owned subsidiaries of CK Asset Holdings Limited (Stock Code: 1113). Completion of the acquisition took place on the same date. The consideration for the acquisition is equal to the aggregate of US\$26,000,000 and the net assets of certain subsidiaries of Happy Lion Ventures Ltd. and Chinex Limited. Upon completion of the acquisition, RZ3262019 Limited indirectly holds 100% equity interests of Hutchison Whampoa Properties (Chengdu) Limited (和記黃埔地產(成都)有限公司), a company incorporated in China, which is principally engaged in the property development known as “Chengdu Le Parc” (南城都匯商住項目) in Chengdu, China, comprising residential and commercial units and carparks. We believe the acquisition aligns with the interest of our shareholders and will strengthen our business in property development.

Tender Offer of 2021 Notes

Concurrent with the offering of the Notes, we have commenced the Tender Offer to purchase for cash an aggregate principal amount up to but not more than US\$300,000,000 of our outstanding 2021 Notes validly tendered, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated August 5. The expiration deadline for holders of the 2021 Notes to participate in the Tender Offer is 4:00 p.m., London time, on August 12, 2020.

Corporate Bonds

On July 24, 2020, Xiamen Yuzhou Grand Future completed the issuance of its first tranche five-year unsecured corporate bonds in China with an aggregate principal amount of RMB5.2 billion, of which Type I was issued with an aggregate principal amount of RMB1.5 billion at a coupon rate of 6.5% per annum at 100% of the face value. At the end of the second year and the fourth year of Type I, Xiamen Yuzhou Grand Future has a right to adjust the coupon rate, and the investors can exercise a repurchase option. The corporate bonds are listed on the Shanghai Stock Exchange.

Asset-backed Securities

On July 14, 2020, certain subsidiaries of the Company issued RMB1,043 million two-year Asset-backed Securities with deduction of certain percentage of upfront fee in the PRC. The Asset-backed Securities are backed by the right of receipt of the remaining sales proceeds of certain properties to be delivered from a variety of projects. As of the date of this offering memorandum, the entire amount of the Asset-backed Securities remains outstanding.

Issuance of the 2021 III Notes

On June 12, 2020, we issued an aggregate principal amount of US\$40,000,000 7.5% Senior Notes due 2021. See “Description of Other Material Indebtedness – 2021 III Notes.”

Issuance of the 2025 II Notes

On February 20, 2020, we issued an aggregate principal amount of US\$400,000,000 7.7% Senior Notes due 2025. See “Description of Other Material Indebtedness – 2025 II Notes.”

Issuance of the 2026 Notes

On January 13, 2020, we issued an aggregate principal amount of US\$645,000,000 7.375% Senior Notes due 2026. See “Description of Other Material Indebtedness – 2026 Notes.”

Newly acquired projects

As of June 30, 2020, we have acquired 11 parcels of land with an aggregate GFA of 1,369,190 sq.m.

Suzhou Baimajian 2019-WG-47 Project(蘇地白馬澗2019-WG-47號)

Suzhou Baimajian 2019-WG-47 Project is located in High-tech development district in Baimajian, Suzhou. It has a site area of 76,552 sq.m. and a total GFA of 99,518 sq.m. We currently hold a 49% interest in this project and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Suzhou Baimajian 2019-WG-60 Project(蘇地白馬澗2019-WG-60項目)

Suzhou Baimajian 2019-WG-60 Project is located in High-tech development district in Baimajian, Suzhou. It has a site area of 64,416 sq.m. and a total GFA of 65,060 sq.m. We currently hold a 49% interest in this project and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Chengdu Qionglai QL2020-05 Project(成都邛崃QL2020-05項目)

Chengdu Qionglai QL2020-05 Project is located in West Street, Central city area, Qionglai. It has a site area of 15,822 sq.m. and a total GFA of 39,555 sq.m. We currently hold a 100% interest in this project and intend to develop it into a residential and commercial project. We have not obtained the land use rights certificate for this project.

Wuxi Binhu XDG62 Project(無錫濱湖XDG62項目)

Wuxi Binhu XDG62 Project is located in southeast of the intersection of Zhenze Road and Xincheng Road, Binhu District, Wuxi. It has a site area of 76,017 sq.m. and a total GFA of 152,034 sq.m. We currently hold a 100% interest in this project and intend to develop it into a residential project. We have not obtained the land use rights certificate for this project.

Yangzhou Hanjiang GZ178 Project(揚州邗江GZ178項目)

Yangzhou Hanjiang GZ178 Project is located in the east of Guanchao Road and the south of Zhuxi Road, Hanjiang District, Yangzhou. It has a site area of 179,920 sq.m. and a total GFA of 300,466 sq.m. We currently hold a 30% interest in this project and intend to develop it into a residential and commercial project. We have not obtained the land use rights certificate for this project.

Wuxi Binhu XDG52 Project(無錫濱湖XDG52項目)

Wuxi Binhu XDG52 Project is located in southwest of the intersection of Qingyan Road and Wenjiao Road, Jingkai District, Binhu District, Wuxi. It has a site area of 83,400 sq.m. and a total GFA of 150,120 sq.m. We currently hold a 50% interest in this project and intend to develop it into a residential project. We have not obtained the land use rights certificate for this project.

Suzhou Xiangcheng WG32 Chengyang Project(蘇州相城WG32澄陽項目)

Suzhou Xiangcheng WG32 Chengyang Project is located in the north of Litanghe Road and the west of Chengyun Road, Xiangcheng District, Suzhou. It has a site area of 40,173 sq.m. and a total GFA of 80,346 sq.m. We currently hold a 30% interest in this project and intend to develop it into a residential project. We have not obtained the land use rights certificate for this project.

Changzhou Tianning JZX20200801 Project(常州天寧JZX20200801項目)

Changzhou Tianning JZX20200801 Project is located in the north of Qinglong West Road and the west of Hengtanghe Road, Tianning District, Changzhou. It has a site area of 74,207 sq.m. and a total GFA of 133,573 sq.m. We currently hold a 49% interest in this project and intend to develop it into a residential project. We have not obtained the land use rights certificate for this project.

Hefei Feidong FD202004 Project(合肥肥東FD202004項目)

Hefei Feidong FD202004 Project is located in the west of Qiaotouji Road and the south of Heping Road, Cuo Town, Feidong County, Hefei. It has a site area of 73,848 sq.m. and a total GFA of 147,696 sq.m. We currently hold a 100% interest in this project and intend to develop it into a residential project. We have not obtained the land use rights certificate for this project.

Ningbo Beilun Xinqi Project(寧波北侖新碶項目)

Ningbo Beilun Xinqi Project is located in the north of Mingzhou West Road, Beilun District and the east of Fengyang First Road, Ningbo. It has a site area of 36,435 sq.m. and a total GFA of 72,870 sq.m. We currently hold a 100% interest in this project and intend to develop it into a residential project. We have not obtained the land use rights certificate for this project.

Shaoxing Keqiao Olympic Sports Center Project(紹興柯橋奧林匹克運動中心項目)

Shaoxing Keqiao Olympic Sports Center Project is located in the north side of the Olympic Sports Center in Keqiao District and the east side of the Sanjiang River, next to the Civic Center, Shaoxing. It has a site area of 61,767 sq.m. and a total GFA of 127,952 sq.m. We currently hold a 100% interest in this project and intend to develop it into a residential project. We have not obtained the land use rights certificate for this project.

Accumulated sales

For the seven months ended July 31, 2020, the accumulated sales of the Company and its subsidiaries was RMB53,881 million representing an increase of 56.0% as compared to RMB34,536 million recorded for the seven months ended July 31, 2019. The corresponding GFA sold was 3,285,777 sq.m. The average selling price was RMB16,399 per sq.m. In addition, approximately RMB1,166 million was subscribed but in the process of signing contracts as at July 31, 2020.

Our Competitive Strengths

One of the leading national property developers with a strong focus on West Strait Economic Zone and Yangtze River Delta Region

We are one of the leading national property developers with our headquarters in Shanghai. We have consistently been named as one of the “Top 100 China Real Estate Enterprises” (中國房地產百強企業). In particular, we have been ranked top in Xiamen for more than 13 years in terms of GFA and amount of contracted sales. For the year ended December 31, 2019, the total area and amount of our contracted sales were

4,971,208 sq.m. and RMB75,115.2 million, respectively. Xiamen is located in the heartland of the West Strait Economic Zone, an economic development zone in the southeastern region of China established to promote regional economic integration and cooperation between Fujian Province and Taiwan, given Fujian's strategic location connecting the Pearl River Delta Area and the Yangtze River Delta Area.

Most of the land reserves in Xiamen we have acquired are centrally located in commercial areas or offer attractive views. We acquired the majority of our land reserves in the past at prices that were substantially lower than their current market value. We believe our market foresight and in-depth understanding of the property market arising out of the collective experience of our management team, as well as our extensive market research, have enabled us to seek and capitalize on land acquisition opportunities at relatively early stages in their long-term appreciation.

As part of our key strategies, we have also pursued strategic growth and geographic diversity through expansion into other PRC property markets such as Fuzhou, Quanzhou, Shanghai, Nanjing, Hefei, Tianjin, Bengbu, Zhangzhou, Hangzhou, Suzhou and Huizhou. We have also expanded our business into Hong Kong through our Yuzhou Upper Central. In particular, since 2015, the Group has become one of the top three developers in Hefei based on GFA pre-sold. We believe these PRC property markets have attractive growth potential and provide us with opportunities to develop projects that are likely to attract strong interest among buyers and tenants, thus increasing our revenue and profitability. We believe our current land reserves provide us with project development opportunities for the next few years. We will continue, however, to seek new opportunities for growth in selected cities across China that we believe have market growth potential.

High-quality projects and products

We believe the distinctive designs and quality of our projects have successfully distinguished us in the highly competitive property markets in which we operate. Our design team focuses on providing high-quality and designs, as well as added value for our customers. For example, our Yuzhou The Jiqing project promoted the concept of “Boutique Building 3.5 (精築3.5)”, which places an emphasis on art, experience and openness. For this project, we invited artists to contribute designs such that the project incorporates historical elements of Nanjing. In order to cater to the everyday needs of property owners, the project paid attention to various details, such as providing, among other things, a gallery-like parking space, a sky lounge and a refuse room for classified waste. We believe that this project has drawn the attention of customers and boosted our sales. Moreover, we have begun to provide our customers with “green buildings”, which are buildings designed to be more sustainable and environmentally friendly. Our Xiamen Yuzhou Plaza has already received a U.S. Leadership in Energy & Environmental Design Platinum rating, a globally recognized symbol of excellence in green buildings. Nine of our new residential and commercial projects adopted the standards of the Green Building Design Label issued by the Ministry of Housing and Urban-Rural Development of the PRC, indicating our care for and attention to environmental protection and corporate social responsibility. Furthermore, in our Yuzhou Golden Seacoast and Shuilian Manor projects, our layout design increases the usage area by a factor of approximately 30-40% over saleable GFA. Our design for certain units in our Yuzhou Jinqiao International project increased the usage area by a factor of at least 90% over saleable GFA. Please see individual project descriptions in “– Completed Projects” and “– Projects under Development” for more details. We believe that, by providing more usage area to our customers, we are able to translate our designing strengths into higher prices. We believe our Yuzhou Overseas City project was one of the first residential complexes in Xiamen to utilize a computerized security system with a variety of advanced features such as monitoring sensors and control rooms. We have retained leading domestic and international design firms to advise our design team on critical aspects of property developments such as master planning and architectural, landscape and interior design. Utilizing our knowledge of and insights into market trends, we have offered high-quality projects and products which have received awards from and been recognized by different organizations, and have also been well-received by our customers.

We have received various awards in recognition of our property design. For example, Yuzhou Cloud Top International, Yuzhou Riverside City Town and Yuzhou Plaza(禹洲廣場) were awarded the “Guangsha Award” by China Real Estate Association and Ministry of Housing and Urban-Rural Development of the People’s Republic of China. In 2018, our project Yuzhou Huating (Yuzhou Bustling Center) won the “Shanghai Property Management Outstanding Demonstration Project Award”, our project Shanghai Yuzhou Beautiful Garden Life won the “Magnolia Award of Shanghai Construction Project” by Shanghai Construction Trade Association and our project Yuzhou Yongjiang Mansion won the “Best Pre-sale Property of the Year” in the 13th Kinpan Awards (Southern China) organized by Times House, the reputable specialized magazine in the property industry. In 2016, our project located at No. 48 Caine Road in Hong Kong won the highest Provisional Platinum rating under BEAM PLUS, a rating given to projects that are exemplary models of ‘green’ buildings in Hong Kong that focus on improving environmental quality and energy efficiency. Our Yuzhou Bustling Center project was awarded “Most Influential Property in 2015” by Sohu and “Gold Award of Hot Sale Property in Shanghai in 2015” by fang.com. Our Yuzhou Cambridge Town Project was named the “2015 Most Expected Property in Fuzhou”. In 2014, our Yuzhou Central Coast project was awarded the “City Complex with the Strongest Impetus”. Our Yuzhou Plaza project also received “The Award of the Most Influential Office Building in Xiamen 2014”. Our Yuzhou Skyline was named “Heifei’s Most Influential Property” and “Best Living Environment Property.” We seek to position our brand name “Yuzhou” as being closely associated with premium quality developments and distinctive designs, and we believe that we have successfully cultivated a premium brand image.

We have substantial, high-quality and low-cost land reserves in high-growth areas to support our future development

We strive to identify the appropriate timing and location for land acquisition, to be selective and prudent when the market overheats and remain active when the market sentiment is weak. For example, we refrained from making major land purchases via public auctions or government listings-for-sale during 2007 and 2008 as we felt land prices were over-inflated.

We undertake substantial market research and leverage our experience and market knowledge to identify what we believe to be high-quality, well-located land in cities with high growth potential.

We believe we have been able to maintain a relatively low land cost base. We have been able to keep our recognized land cost below 40% of recognized property sales since 2007. For the years ended December 31, 2017, 2018 and 2019, our recognized land acquisition cost, recognized in cost of sales, accounted for 31.7%, 28.7% and 36.5% of revenue from property development, respectively.

We do not solely rely on public auctions or government listings-for-sale for land acquisitions. We have experience acquiring land through other means, such as acquisitions of project companies from third parties. We believe that our ability to acquire land through diversified channels provides us with more opportunities to acquire land at a low cost.

Besides seeking to keep our land cost low, we also aim to maintain an optimally sized land bank. As of December 31, 2019, we had a total land bank of 20.1 million sq.m. of saleable GFA.

Well-recognized brand and effective marketing

Our success in the past has helped us to develop our brand name “禹洲” (“Yuzhou”), which is now synonymous with high-quality, well-designed residential developments in the PRC. Our “Yuzhou” brand was recognized as a “Famous Brand” by the Fujian provincial government and the Xiamen municipal government and was named “2014 The Most Valuable Brand of China Property Sector” at the Boao Forum. In 2019, we

were ranked the 36th in “2019 Best 50 China Real Estate Developers” for the eighth year and the 34th in “2019 Best 50 China Real Estate Listed Companies with Strongest Comprehensive Strengths,” and were awarded the 2nd place in the “2019 Top 5 China Real Estate Listed Companies with Best Business Performances.” In 2018, China Real Estate Research Association and China Real Estate Association and CRIC jointly named us as “2018 Best 50 China Real Estate Developers (Rank 35th),” “2018 Best 10 China Real Estate Developers with Development Potential (Rank 3rd),” “2018 Best 5 China Real Estate Listed Companies with Best Business Performances (Rank 2nd),” “2018 Fujian’s Top 10 Development Real Estate Enterprises (Rank 4th)” and “2018 Top 50 Chinese Real Estate Enterprises by Brand Value (Rank 31st);” China Real Estate Chamber of Commerce, China Real Estate Business, China Real Estate Website and China Real Estate Think Tank also ranked us as one of “2018 Best Chinese Real Estate Companies by Brand Value (Rank 39th);” Guandian.cn listed us as “2018 Ranking of China’s 100 Best Real Estate Enterprises (Rank 36th),” “2018 China’s Top 30 Listed Real Estate Enterprises (G30) (Rank 28th)” and “2018 Ranking of China’s Real Estate Enterprises with Best Brand Value (Top 30);” We were also rated by Ta Kung Pao as “Best Listed Company Award” and “Listed Company with Best Brand Value Award” In addition, We were also awarded as “Outstanding Property Industry Award” by Tencent and Finet. In 2017, China Real Estate Research Association, China Real Estate Association and CRIC jointly named us as one of the “2017 TOP 50 China Property Development Enterprises (Rank 38th)” and “2017 TOP 50 China Property Development Enterprises with Development Potential (Rank 3rd);” China Real Estate Association and China Real Estate Appraisal also ranked us as one of “2017 Best 50 China Real Estate Listed Companies with Strongest Comprehensive Strengths (Ranked the 36th)” and “2017 Best 5 China Real Estate Listed Companies with Business Performances (Ranked 2nd);” we also awarded by Finance Asia with “Best Mid-cap Company (Ranked 1st),” “Best Managed Company in the Property Sector (Ranked 2nd),” “Most Committed to Corporate Governance in the Property Sector (Ranked 3rd),” “Best at Investor Relations in the Property Sector (Ranked 3rd)” and “Best at Corporate Social Responsibility in the Property Sector (Ranked 3rd)”. In addition, we were also listed as “Best Mid-cap Company (Ranked 1st),” “Best Managed Company in the Property Sector (Ranked 2nd),” “Most Committed to Corporate Governance in the Property Sector (Ranked 3rd)”, “Best at Investor Relations in the Property Sector (Ranked 3rd)” and “Best at Corporate Social Responsibility in the Property Sector (Ranked 3rd)” by Tencent and Finet. We believe customers who purchase our properties generally do so in part due to the premium quality and distinctive design that they believe our “Yuzhou” brand represents.

We believe that marketing has been one of the key factors that has helped us establish our strong brand name. For the years ended December 31, 2017, 2018 and 2019, we expensed RMB200.5 million, RMB193.6 million and RMB236.2 million, respectively, on advertising and promotion. We have adopted a variety of advertising and promotional activities to reach potential customers, including advertising through advertisements, participating in real estate exhibitions and information sessions, and advertising and promoting through multiple sales offices and property websites. Through our Yuzhou Club program, we keep in close contact with our customers and motivate them to introduce our brand to other potential customers. We encourage our customers to help promote our brand by waiving one year of property management fees for our existing customers who refer new customers to us.

By selling distinctive products and offering after-sales services, we believe we create more opportunities to strengthen our relationships with our customers and increase the likelihood of repeat sales and referrals.

Effective quality control and cost management

We believe we are able to achieve effective quality control and cost management through our standardized project development model and centralized procurement processes. We generally select our third-party contractors and suppliers of equipment and materials through a tender process, taking into consideration their performance track record, work quality, proposed delivery schedules and cost estimates. Through such a selection process, we seek to maintain our construction costs at a reasonable level without compromising on

quality. We typically designate for purchase certain fixture materials such as doors, windows, sanitary fittings and kitchen cabinets, which are required to satisfy national standards or be from certain name brand manufacturers. We monitor quality, costs and progress closely during construction. We typically pay our construction contractors based on construction progress, which we believe provides incentive for contractors to focus on product quality. Our projects have won a variety of awards and honors relating to construction safety. As of the date of this offering memorandum, we have not received any customer complaints with regard to material structural defects in our products.

Experienced and stable management team

We consider the strength and experience of our management team to be fundamental to our success in the highly competitive real estate market. Members of our management team, including our founder and chairman, Mr. Lam Lung On, have on average more than ten years of experience in the PRC real estate industry and also have considerable strategic planning and business management expertise. Most of our executive directors and senior management personnel have been working with us for more than ten years and form a stable core team that operates well together. In recent years, while maintaining the stability of our core management team, we have recruited senior and mid-level executives with expertise in various areas through a selective recruitment process. We believe the stability of our management team and the extensive experience of its members in property development, industry knowledge and in-depth understanding of the real estate market should enable us to continue to take advantage of future market opportunities and expand into new markets.

Our Strategies

Strengthen our position as one of the leading national property developers and leverage our expertise to expand into other regions of China

We intend to continue to strengthen our position as one of the leading national property developers and pursue our strategic growth and geographic diversity by leveraging our reputation and expertise in Xiamen to expand into other regions of China, particularly other areas of the West Strait Economic Zone. We believe that, with the recent improvements in cross-Taiwan Strait relations and with the support of the PRC government and the rapid expansion of China's coastal cities in the West Strait Economic Zone have economic growth potential, and we therefore intend to focus on property development in these areas to capitalize on their economic growth potential. To this end, we intend to increase our presence in Xiamen and Fuzhou by seeking more property development opportunities. In addition, we intend to further increase our presence in Shanghai, Hefei, Nanjing, Tianjin, Hangzhou, Suzhou, Wuhan, Hong Kong and other selected cities in China that we believe have market growth potential. We believe a geographically diversified property portfolio is important for sustaining our growth and income stability because it reduces the risk of overreliance on any particular property market and allows us to capitalize on different market growth trends in different property markets.

Continue to capitalize on and enhance our “Yuzhou” brand name and customer loyalty by developing high-quality projects

We intend to continue to promote the “Yuzhou” brand by continuing to focus on project quality and providing strong after-sales support and property management services. To create high-quality projects, we intend to continue our strategy of conducting in-depth market research and analysis with the aim of identifying property trends and potential development opportunities as early as possible in a given locality's development cycle. We also intend to continue to implement our current business strategies, which involve utilizing our economies of scale in order to strengthen our negotiating position for construction contracts as well as collaborating with well-known architects and designers to create market-leading projects.

We believe that delivering value to our customers and increasing their overall satisfaction with our products will enable us to further strengthen our “Yuzhou” brand and reinforce its association with prestige and quality. At the same time, we intend to continue to build market recognition of the “Yuzhou” brand through marketing initiatives such as advertising campaigns and organizing events for our customer base.

Continue to adopt innovative marketing strategies to adapt to market changes

We intend to actively respond to market changes by continually adjusting our development and sales strategies in a timely manner, for the purpose of addressing the predominant market demand by supplying high quality residential properties at reasonable prices that cater to our customers’ needs. We intend to continue to be innovative in our marketing strategies, such as upgrading our products and providing an enhanced service including by way of promoting our “Boutique Building 3.5” concept and “green building” initiatives, in order to increase our brand influence.

Continue to expand our land bank in selected property markets in a disciplined manner and at low cost

We intend to continue to efficiently acquire land supply in our target cities. We intend to make acquisition decisions based on thorough research and analysis of a given project’s expected returns in light of anticipated future property and economic trends in our target cities. As part of our disciplined acquisition strategy, we plan to continue to acquire land using different acquisition methods, such as public auctions, government listings-for-sale and acquisitions of project companies, depending on the specific circumstances. We also intend to continue leveraging our strong brand name and financial track record to obtain attractive financing and refinancing opportunities. We believe that beginning with efficient land acquisitions and following through with well-executed developments will allow us to expand further into our target cities and provide sustainable growth to our business.

Continue to pursue property diversification and increase our proportion of investment properties

We intend to continue to expand into the retail, office and hotel property sectors in the PRC to achieve greater balance in our future revenues. We also aim to continue to increase the proportion of our properties that are held for investment to achieve greater revenue stability through recurring rental income. We believe that such diversification measures will increase the breadth and stability of our revenue streams by reducing our overall exposure to volatility within any one property sector, in particular the residential property sector, which is generally more volatile in nature. In addition, we aim to capitalize on different market growth trends and the continuing development of different property sectors.

In relation to our retail and office properties, we intend to continue to focus on high-quality properties that are located in the central commercial areas of major cities. Despite the decline in growth of brick and mortar retail businesses as a result of the emergence of e-commerce, we are committed to our operational philosophy of “satisfying needs” by building one-stop family shopping malls at transport hubs in key cities. We have already entered into long-term tenancy agreements with reputable anchor tenants for the several retail and commercial properties that we hold for investment purposes to secure stable and recurring rental income streams. For example, The Mall at the Yuzhou World Trade Center is the first large-scale shopping mall in Xiamen and its tenants include many well-known brands, such as H&M, MUJI, Watsons, Weiyou and China Film Digital Cinema. We intend to enter into similar tenancy agreements for other retail and commercial properties that we develop in the future.

Adopt international industry best practices and maintain an efficient organizational structure

We aim to maintain a transparent and employee-friendly corporate culture which encourages responsibility, quality and cooperation. On May 16, 2018, Yuzhou was selected as the constituent of MSCI China Index and we became one of few property stocks in the MSCI index. On February 6, 2018, Yuzhou Properties was incorporated into one of the constituent stocks of the “Hang Seng Composite LargeCap and MidCap Index”. The relevant adjustment became effective on March 5, 2018 (Monday). The incorporation demonstrates high recognition of Yuzhou Properties’ enterprise value, stock liquidity and business performance from the market and professional organizations. We believe that our incorporation into the Hang Seng Composite LargeCap and MidCap Index will help further facilitate stock liquidity and trading volume, fostering the expansion of quality shareholders’ base of the Group. In January 2018, we received the “Shenzhen-Hong Kong Stock Connect Best Investment Value Award” at the “2017 China Financial Market Awards” hosted by *China Financial Market*, a well-known financial magazine, we were also awarded the “2017 Hong Kong Golden Stocks” Most Valuable Real Property Company Award” at the “2017 Hong Kong Golden Stocks Listed Company Nomination Ceremony”. We were also awarded “2017 China’s Excellent IR Best Project Award”, the “2017 China’s Excellent Best IR Innovation Award” and the “2017 China’s Excellent Best IR Director Award” at the “2017 China’s Excellent IR Awards” election. In May 2018, we were named as one of the “2018 Top 5 China Real Estate Listed Companies with Best Business Performances” for the fourth consecutive year by China Real Estate Association Center and China Real Estate Appraisal of Shanghai E-house Property Institute. We intend to continue to adopt international industry best practices and standards of corporate governance. We plan to draw on our senior management expertise and experience and actively interact with international business partners and professional advisors. We intend to maintain an organizational structure that is in line with our business development plans with a view to maintaining and increasing the efficiency of our operations. We provide, and plan to continue to provide, incentives to our management and employees taking into consideration performance as well as different levels of training specifically tailored to the different functions and levels of expertise of our employees.

Tender Offer

Concurrent with the offering of the Notes, we have commenced the Tender Offer to purchase for cash an aggregate principal amount up to but not more than US\$300,000,000 of our outstanding 2021 Notes validly tendered, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated August 5, 2020. As of the date of this Offering Memorandum, US\$375,000,000 million principal amount of the 2021 Notes were outstanding. The expiration deadline for holders of the 2021 Notes to participate in the Tender Offer is 4:00 p.m., London time, on August 12, 2020 (such time and date, the “Expiration Deadline”). Holders who validly tendered at or prior to the Expiration Deadline will receive an amount of US\$1,005 for each US\$1,000 in principal amount of the 2021 Notes (the “Purchase Price”). In addition to the Purchase Price, as applicable, holders whose notes are accepted for purchase pursuant to the Tender Offer will also receive accrued and unpaid interest on the 2021 Notes from and including the immediately preceding interest payment date for the 2021 Notes up to, but excluding, the Settlement Date (as defined below), which is expected to be no later than August 14, 2020 (“Accrued Interest” and, together with the Purchase Price, as applicable, the “Total Consideration”).

We will pay (subject to our satisfaction or waiver, in our sole discretion, of the conditions to the Tender Offer) the Total Consideration for the 2021 Notes tendered at or prior to the Expiration Deadline and accepted for purchase, on a date promptly following the Expiration Deadline, which date is expected to be August 14, 2020 (the “Settlement Date”) and the same date as the settlement of the offering of the Notes. We intend to use a portion of the net proceeds from this offering to fund the purchase of the 2021 Notes tendered in the Tender Offer. See “Use of Proceeds”.

The Tender Offer is tendered upon the terms and subject to the conditions set forth in the Offer to Purchase, dated August 5, 2020, including the successful consummation of the issuance of the Notes. Provided that the terms and conditions to the Tender Offer have been satisfied or waived, we will pay for the 2021 Notes purchased in the Tender Offer, together with any accrued and unpaid interest, on the Settlement Date. The Tender Offer is being made only upon the terms and subject to the conditions of the Tender Offer. This Offering Memorandum does not constitute an offer to buy or the solicitation of an offer to sell with respect to the 2021 Notes.

Description of Our Property Developments

Overview of Our Projects

Our current portfolio of property development projects consists of 156 projects at various stages of development in Xiamen, Nanjing, Shanghai, Fuzhou, Tianjin, Hefei, Bengbu, Quanzhou, Longyan, Zhangzhou, Suzhou, Hangzhou, Wuhan, Huizhou, Zhoushan, Yangzhou, Qingdao, Tangshan, Shenyang, Beijing, Bozhou, Zhengzhou, Foshan, Chongqing Ningbo, Shijiazhuang, Wuxi and Hong Kong. We mainly divide our property developments into four categories: completed projects, projects under development and projects held for future development and potential projects.

A project is considered completed when we have received the Completed Construction Works Certified Report (竣工驗收備案表或竣工驗收備案證明書) from the relevant government construction authorities. A project is considered to be under development if we have commenced the construction work with respect to part or all of the project and before completion of the entire project.

As some of our projects comprise multiple-phase developments on a rolling basis, one project may include different phases at various stages of completion or under development. For the purpose of this section of this offering memorandum, a project comprising multiple-phases is considered to be a project under development if we have commenced the construction work with respect to at least one phase of the development.

As of December 31, 2019, we had 156 projects at various stages of development with a total site area of approximately 14,465,662 sq.m. and a total GFA of approximately 32,145,853 sq.m. The site area information for an entire project is based on the relevant land use rights certificates. The total GFA of a project comprises saleable GFA and non-saleable GFA and refers to (i) total GFA completed for completed property developments and (ii) total GFA under development for properties under development. Saleable GFA refers to (i) the internal floor areas, exclusive of non-saleable GFA (which refers to certain communal facilities, including, among others, schools), allocated to the residential units and other properties that we develop for sale and (ii) GFA that is held for investment only (including office buildings for rent, retail shop units, hotels, schools and kindergartens and certain car park spaces). With respect to GFA that is held for investment only, we hold these properties as investments to earn rental income and/or for capital appreciation. However, we have the discretion to sell such properties if we believe sales will generate more economic value than retention.

A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to the customer. Properties are pre-sold when we have executed the purchase contract but have not yet delivered the relevant property to the customer. The property is delivered to the customer upon the property being completed, inspected and accepted as qualified. Information regarding land costs and development costs in this offering memorandum is based solely on our internal records or estimates.

We include in this offering memorandum the project names which we have used, or intend to use, to market our properties. Some of the names for our property developments are pending approval by the relevant government authorities and may be subject to change.

The following table sets forth the GFA in sq.m. and other information of our 156 projects as of December 31, 2019:

Project ⁽¹⁾	Site Area	Location	Total GFA	Interest in the Project	Held for Sale Only	Held for Investment Only ⁽⁴⁾	Total Saleable GFA Pre-Sold ⁽⁵⁾	Total Saleable GFA Sold and Delivered ⁽⁶⁾	Land Reserve
	(sq.m.)		(sq.m.)	%	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
Completed Projects									
Yuzhou Overseas City	27,703	Xiamen	236,745	100%	–	1,101	–	235,644	1,101
Yuzhou Shuilian Manor	12,909	Xiamen	27,325	100%	–	–	–	27,325	–
Yuzhou Hai Tian Plaza	6,316	Xiamen	64,575	100%	355	861	–	63,359	1,216
Yuzhou Harbour City	20,089	Xiamen	186,013	100%	–	–	–	186,013	–
Yuzhou New City	25,610	Xiamen	90,770	100%	262	3,364	–	87,144	3,626
Yuzhou Garden	27,345	Xiamen	92,119	100%	385	1,692	289	89,753	2,366
Yuzhou Galaxy Garden	26,367	Xiamen	91,689	100%	226	–	–	91,463	226
Yuzhou New Manor	45,619	Xiamen	118,652	100%	62	–	–	118,590	62
Yuzhou World Trade Center	19,454	Xiamen	182,640	100%	491	49,100	1,175	131,874	50,766
Yuzhou Golden Seacoast	70,793	Xiamen	226,679	100%	–	31,650	5,877	189,152	37,527
Yuzhou University City	90,750	Xiamen	467,112	100%	11,682	7,096	3,513	444,821	22,291
Yuzhou Castle above City	52,715	Xiamen	231,017	100%	4,956	2,758	55,699	167,604	63,413
Yuzhou Sunshine City	22,868	Xiamen	72,257	100%	8,862	–	3,836	59,559	12,698
Yuzhou Golf	55,986	Xiamen	114,574	100%	20,083	–	7,783	86,708	27,866
Yuzhou Shoreline	107,622	Xiamen	421,316	100%	62,475	14,400	11,185	333,256	88,060
Yuzhou Cloud Top International	15,652	Xiamen	71,214	100%	–	18,506	4,226	48,482	22,732
Yuzhou Plaza	3,333	Xiamen	57,861	100%	–	57,861	–	–	57,861
Yuzhou Central Coast	123,240	Xiamen	615,331	100%	19,619	25,000	11,825	558,887	56,444
Yuzhou Lucca Town	54,323	Xiamen	136,000	100%	11,357	–	8,188	116,455	19,545
Yuzhou Haicang Vanke City	189,752	Xiamen	570,229	20%	209	–	–	570,020	209
Yuzhou Riverside City Town	284,414	Xiamen	559,276	100%	16,863	80,500	28,200	433,713	125,563
Yuzhou Wyndham Grand Plaza	60,018	Xiamen	102,142	100%	–	102,142	–	–	102,142
Royale Hotel (Previously known as Yuzhou International Hotel)									
Yuzhou Castle above City	100,878	Longyan	322,930	100%	–	14,600	6,413	301,917	21,013
Yuzhou Gushan No. One	234,160	Fuzhou	83,075	100%	984	–	1,900	80,191	2,884
Yuzhou Cambridge Town (Previously known as Lianjiang Project)	54,507	Fuzhou	136,268	100%	1,258	–	1,553	133,457	2,811
Yuzhou Jinqiao International	49,738	Shanghai	230,955	100%	2,393	32,715	22,441	173,406	57,549
Yuzhou Plaza	6,818	Shanghai	28,624	100%	–	28,624	–	–	28,624
Yuzhou Commercial Plaza	40,911	Shanghai	123,413	100%	16,896	25,851	–	80,666	42,747
Yuzhou City Plaza	50,628	Shanghai	98,494	100%	1,312	35,277	42,975	18,930	79,564
Yuzhou Bustling Center (Previously known as Jiading Project)	55,017	Shanghai	126,540	100%	8,993	5,596	5,596	111,951	14,589
Yuzhou Beautiful Garden Life (Previously known as Xuhang Project)	31,139	Shanghai	56,051	100%	1,008	–	3,623	51,420	4,631
Yuzhou Noble Mansion (Previously known as Fengxian Project)	109,266	Shanghai	174,826	100%	9,597	–	36,097	129,132	45,694
Yuzhou Dongtan Grace Mansion	54,052	Shanghai	54,593	80%	17,514	–	9,894	27,185	27,408
Yuzhou Country	41,262	Shanghai	90,776	40%	2,493	–	23,810	64,473	26,303
Yuzhou Skyline	446,757	Hefei	1,187,376	100%	2,541	97,300	13,462	1,074,073	113,303
Yuzhou Jade Lakeshire	95,978	Hefei	287,934	100%	974	–	21,638	265,322	22,612
Yuzhou Town	36,387	Hefei	109,160	51%	16,791	1,784	6,428	84,154	25,003
Yuzhou Royal Seal	156,667	Hefei	470,000	100%	1,333	–	7,500	461,167	8,833
Yuzhou Central Town (Previously known as Xinzhao Project)	97,467	Hefei	341,135	75%	11,410	–	85,310	244,415	96,720
Yuzhou Sky Aqua Mall	49,126	Hefei	144,923	100%	23,381	–	40,642	80,900	64,023
Yuzhou Prince Lakeshire	199,067	Bengbu	668,333	100%	141,188	–	351,085	176,060	492,273
Yuzhou The Jiqing (Previously known as Yuhuatai Project)	41,494	Nanjing	112,865	100%	5,733	–	356	106,776	6,089
Yuzhou Moon Riverside (Previously known as Yuhuatai Project)	17,199	Nanjing	30,957	100%	–	–	185	30,772	185
Yuzhou Lakeside (Previously known as Jiangning Project G58)	52,763	Nanjing	122,376	49%	988	–	5,824	115,564	6,812
Yuzhou Redsun The Times	61,145	Nanjing	136,434	51%	–	–	119	136,315	–
Yuzhou Redsun The Spring	32,246	Nanjing	64,492	51%	450	–	3,302	60,740	3,752
Yuzhou King's Garden	28,257	Nanjing	79,626	40%	8,970	–	11,011	59,645	19,981
Yuzhou Hechang Golden East	66,267	Nanjing	132,534	8%	2,898	–	129,636	–	132,534
Yuzhou Honor Hill	100,839	Suzhou	221,847	100%	25,870	–	28,736	167,241	54,606

Project ⁽¹⁾	Site Area	Location	Total GFA	Interest in the Project	Held for Sale Only	Held for Investment Only ⁽⁴⁾	Total Saleable GFA Pre-Sold ⁽⁵⁾	Total Saleable GFA Sold and Delivered ⁽⁶⁾	Land Reserve
	(sq.m.)		(sq.m.)	%	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
Yuzhou Honor Promenade	32,339	Suzhou	51,742	66%	31,060	–	20,682	–	51,742
Yuzhou Honor Galaxy	29,141	Suzhou	58,282	51%	5,630	–	32,009	20,643	37,639
Yuzhou Riverside Sapphire	145,330	Hangzhou	298,733	100%	6,239	–	47,125	245,369	53,364
Yuzhou Royal Lakeshire	109,090	Tianjin	132,897	100%	–	–	371	132,526	371
Yuzhou Palace Mansion	135,173	Tianjin	319,748	100%	41,485	–	12,760	265,503	54,245
Yuzhou Joy Mansion	42,387	Tianjin	76,296	49%	3,247	–	73,049	–	76,296
Yuzhou Lianfa Red Shire	90,756	Tianjin	99,332	40%	1,716	–	–	97,616	1,716
Yuzhou Plaza	–	Shenyang	177,609	100%	2,625	–	95,984	79,000	98,609
Yuzhou Lingjiao River No. One	–	Wuhan	72,119	100%	21,668	–	42,061	8,390	63,729
Yuzhou Silo City	–	Wuhan	195,067	100%	26,483	–	154,440	14,144	180,923
Yuzhou Coastal Garden	–	Foshan	23,849	100%	3,852	–	16,977	3,020	20,829
Sub-total	4,237,129		12,198,128		634,579	632,182	1,410,684	9,520,683	2,677,445
Projects Under Development									
Yuzhou Chunjiang Central (Previously known as Yuzhou Jimei Project)	70,109	Xiamen	305,160	51%	17,112	85,000	5,572	197,476	107,684
Yuzhou Jingyue City (Previously known as Yuzhou Jimei Guanzhou Project)	42,656	Xiamen	85,300	51%	83,290	–	1,380	–	85,300
Yuzhou East Coast Langham (Previously known as Yuzhou Tong'an Project 2017TP01)	54,164	Xiamen	168,354	33%	164,282	–	4,072	–	168,354
Xiamen Yuzhou Xiang'an Project	8,264	Xiamen	89,300	100%	–	89,300	–	–	89,300
Yuzhou City Plaza	428,188	Quanzhou	1,678,286	100%	60,523	158,720	580,560	878,483	799,803
Yuzhou Honor Mansion (Previously known as Anxi Guanqiaozhen 2013-21 Project)	56,146	Quanzhou	140,365	100%	109,252	–	31,113	–	140,365
Yuzhou Honor Promenade (Previously known as Yuzhou Quanzhou Nan'an Honor Glamour)	17,473	Quanzhou	52,419	100%	48,269	–	4,150	–	52,419
Yuzhou Royale The Bay (Previously known as Yuzhou Zhangzhou Project 2017P04)	37,774	Zhangzhou	94,434	51%	84,833	–	9,601	–	94,434
Yuzhou Yongjiang Mansion (Previously known as Yuzhou Zhangzhou Project 2017P07)	38,808	Zhangzhou	116,425	40%	104,687	–	11,738	–	116,425
Yuzhou Castle above City (Previously known as Yuzhou Zhangzhou Project)	100,057	Zhangzhou	255,000	100%	255,000	–	–	–	255,000
Yuzhou Oriental Venice	706,397	Fuzhou	549,185	100%	55,529	15,733	34,473	443,450	105,735
Yuzhou Radiance Central Mansion (Previously known as Cangshan Project)	45,128	Fuzhou	137,409	66%	1,541	–	91,818	44,050	93,359
Yuzhou Joy Center	11,645	Fuzhou	37,270	20%	15,729	–	21,541	–	37,270
Yuzhou Langham Bay (Previously known as Fuzhou Gaoxin 2018-01 Project)	26,557	Fuzhou	58,491	100%	30,693	–	27,798	–	58,491
Yuzhou Resplendent Wonderland (Previously known as Fuzhou Gaoxin 2018-02 Project)	30,423	Fuzhou	106,480	35%	75,913	–	30,567	–	106,480
Yuzhou Jinmao Residence	35,377	Shanghai	63,682	49%	40,865	9,075	13,742	–	63,682
Yuzhou Luxury Mansion	56,048	Shanghai	123,306	100%	85,788	18,496	19,022	–	123,306
Yuzhou Modern Mansion	50,350	Shanghai	80,560	50%	68,476	12,084	–	–	80,560
Yuzhou Jinmao Langpark	45,243	Shanghai	81,437	51%	69,832	11,605	–	–	81,437
Yuzhou Central Plaza	279,535	Hefei	918,698	100%	145,597	100,000	126,344	546,757	371,941
Yuzhou Langxi Community (Previously known as Yaohai Project E1601)	93,956	Hefei	234,889	20%	150,543	–	84,346	–	234,889
Yuzhou Jade Green Bay (Previously known as Yaohai Project E1602)	23,705	Hefei	59,263	20%	58,842	–	421	–	59,263
Yuzhou Galaxy Park (Previously known as Xinshan Project XZQTD175)	119,023	Hefei	357,069	100%	219,993	–	137,076	–	357,069
Yuzhou Moon Lake Mansion (Previously known as Shushan Project)	56,114	Hefei	100,981	36%	20,599	–	80,382	–	100,981
Yuzhou Academical Spring (Previously known as Hefei ZXQTD238 Project)	86,012	Hefei	154,822	33%	139,251	–	15,571	–	154,822

Project ⁽¹⁾	Site Area	Location	Total GFA	Interest in the Project	Held for Sale Only	Held for Investment Only ⁽⁴⁾	Total Saleable GFA Pre-Sold ⁽⁵⁾	Total Saleable GFA Sold and Delivered ⁽⁶⁾	Land Reserve
	(sq.m.)		(sq.m.)	%	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
Yuzhou Honor Mansion	117,428	Hefei	224,188	34%	214,251	–	9,937	–	224,188
Yuzhou Greentown Orchid Garden . . .	102,047	Hefei	222,463	50%	199,305	–	23,158	–	222,463
Yuzhou Times Life Hight	122,634	Hefei	244,445	40%	231,933	–	12,512	–	244,445
Yuzhou The Splendid Era	49,268	Hefei	103,370	40%	98,634	–	4,736	–	103,370
Yuzhou Champion Mansion (Previously known as Guoyang GY2017-92 Project) . . .	63,011	Bozhou	113,400	50%	57,582	–	55,818	–	113,400
Yuzhou Honor Galaxy (Previously known as Yuzhou Yuhuatai Project G71). . .	14,221	Nanjing	61,152	100%	12,282	–	48,870	–	61,152
Yuzhou Jinling Lanham (Previously known as Yuzhou Guozhuang Project)	94,667	Nanjing	182,307	20%	130,428	–	51,879	–	182,307
Yuzhou Cofco Metropolitan 09 (Previously known as Yuzhou Lishui Project 2017G09) .	37,798	Nanjing	83,157	51%	20,490	–	62,667	–	83,157
Yuzhou Ping Lake Mansion (Previously known as Nanjing Gaochun 2018G02-03 Project)	102,787	Nanjing	143,901	30%	116,788	–	27,113	–	143,901
Yuzhou Ease Mansion (Previously known as Nanjing Gaochun 2018G04-06 Project)	188,420	Nanjing	266,923	51%	243,857	–	23,066	–	266,923
Yuzhou C&D Center Manor (Previously known as Yuzhou Lishui Project 2017G19)	73,277	Nanjing	146,554	20%	146,554	–	–	–	146,554
Yuzhou Upper East Side Garden	24,200	Nanjing	60,500	40%	60,500	–	–	–	60,500
Yuzhou Lakeside Langham (Previously known as Yuzhou Xuzhou Lakeside)	127,243	Xuzhou	203,588	70%	199,639	–	3,949	–	203,588
Yuzhou Zhaoshang The Absolute (Previously known as Xiangcheng Project)	128,313	Suzhou	230,963	20%	21,276	–	209,687	–	230,963
Yuzhou Royale Aqua Mansion (Previously known as Yuzhou Wujiang Project 2017020).	63,504	Suzhou	66,679	51%	42,639	–	24,040	–	66,679
Yuzhou Blue Seasons (Previously known as Yuzhou Wuzhong Taihu Project 2017WG23)	173,253	Suzhou	346,506	33%	230,012	–	116,494	–	346,506
Yuzhou Metropolitan Lights (Previously known as Yuzhou Taicang Project)	52,932	Suzhou	111,158	23%	88,467	–	22,691	–	111,158
Yuzhou Royal Mansion (Previously known as Suzhou WG58 Project)	42,481	Suzhou	76,466	20%	47,956	–	28,510	–	76,466
Yuzhou Rocker Park (Previously known as Suzhou WG59 Project)	100,887	Suzhou	201,774	19%	168,114	–	33,660	–	201,744
Yuzhou Oak Manor	100,384	Suzhou	220,845	50%	205,295	–	15,550	–	220,845
Yuzhou Park Land	108,075	Wuxi	237,600	50%	146,467	3,600	87,533	–	237,600
Yuzhou Honor Promenade	80,100	Yangzhou	174,100	40%	58,748	–	115,352	–	174,100
Yuzhou Presedential Palace	57,735	Yangzhou	103,923	40%	58,561	–	45,362	–	103,923
Yuzhou Polaris Mansion	98,261	Hangzhou	275,131	23%	209,940	–	65,191	–	275,131
Yuzhou Lakeside Langham	53,489	Hangzhou	149,769	51%	149,769	–	–	–	149,769
Yuzhou Luna Sea Mansion	16,558	Ningbo	36,428	100%	36,428	–	–	–	36,428
Yuzhou Majestic Mansion	109,563	Zhoushan	230,471	50%	144,065	–	86,406	–	230,471
Yuzhou Future Everbright	61,030	Jinhua	122,060	17%	79,748	–	42,312	–	122,060
Yuzhou Mansion	31,033	Jinhua	55,860	49%	20,486	–	35,374	–	55,860
Yuzhou Langham Bay	51,249	Beijing	78,434	49%	78,434	–	–	–	78,434
Yuzhou Blissed Mansion (Previously known as Yuzhou Tianjin Project 05).	62,024	Tianjin	74,429	40%	71,915	–	2,514	–	74,429
Yuzhou Poetic Dwelling	45,791	Tianjin	81,832	33%	62,807	4,320	14,705	–	81,832
Yuzhou Fengnan New Town (Previously known as Yuzhou Tangshan Project)	213,610	Tangshan	608,789	90%	269,232	–	335,848	3,709	605,080
Yuzhou Phoenix Mansion	65,088	Tangshan	162,720	51%	112,262	–	50,458	–	162,720
Yuzhou Art Wonderland (Previously known as Yuzhou Qingdao Jiangshannan Road Project).	36,386	Qingdao	72,772	50%	25,988	–	46,784	–	72,772
Yuzhou Langham Mansion	97,953	Qingdao	156,724	100%	156,724	–	–	–	156,724
Yuzhou Langham Bay	21,044	Qingdao	73,654	100%	73,654	–	–	–	73,654

Project ⁽¹⁾	Site Area	Location	Total GFA	Interest in the Project	Held for Sale Only	Held for Investment Only ⁽⁴⁾	Total Saleable GFA Pre-Sold ⁽⁵⁾	Total Saleable GFA Sold and Delivered ⁽⁶⁾	Land Reserve
	(sq.m.)		(sq.m.)	%	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
Yuzhou Langham City Land (Previously known as Yuzhou Wuhan Project)	168,617	Wuhan	598,179	100%	467,545	–	130,634	–	598,179
Yuzhou Honor Promenade	48,412	Zhengzhou	121,029	100%	121,029	–	–	–	121,029
Yuzhou Honor Century (Previously known as Xinxiang 2018-2 Project)	51,674	Xinxiang	258,370	51%	174,005	–	84,365	–	258,370
Yuzhou Honor Mansion	89,138	Kaifeng	222,844	90%	222,844	–	–	–	222,844
Yuzhou Upper Central (Previously known as Yuzhou Carine Road Project)	278	Hong Kong	2,214	100%	–	2,214	–	–	2,214
Yuzhou Wujing The Scenery	62,173	Huizhou	191,159	55%	138,759	–	23,023	29,377	161,782
Yuzhou Langham Bay	110,378	Foshan	306,217	100%	280,236	5,000	20,981	–	306,217
Yuzhou Langorchid	34,559	Foshan	93,308	100%	87,308	6,000	–	–	93,308
Yuzhou Langshine Mansion	26,578	Foshan	66,444	49%	66,444	–	–	–	66,444
Yuzhou Sunrises	22,432	Foshan	56,080	51%	56,080	–	–	–	56,080
Yuzhou Lang Garden	90,501	Zhongshan	271,502	28%	271,502	–	–	–	271,502
Yuzhou Redsun Joy Mansion (Previously known as Chongqing Bishan Project)	14,785	Chongqing	53,816	51%	1,451	–	52,365	–	53,816
Yuzhou Luxury Mansion (Previously known as Chongqing Beibei Project)	194,489	Chongqing	250,970	100%	249,998	–	972	–	250,970
Yuzhou Langham Mansion (Previously known as Chongqing Liangjiang 18040 Project)	200,568	Chongqing	387,677	49%	357,130	–	30,547	–	387,677
Sub-total	6,621,478		15,663,025		7,537,222	521,147	5,096,140	2,508,516	13,154,509
Projects Held for Future Development									
Xiamen Yuzhou Tong'an Project	18,830	Xiamen	42,800	51%	42,800	–	–	–	42,800
Zhangzhou Yuzhou Zhangpu Project (Previously known as Yuzhou Zhangzhou Dongnanhuadu Project).	531,336	Zhangzhou	563,881	19%	563,881	–	–	–	563,881
Fuzhou Yuzhou Cangshan Project	38,232	Fuzhou	85,257	31%	85,257	–	–	–	85,257
Shanghai Yuzhou Jinshan Project	174,814	Shanghai	211,418	100%	211,418	–	–	–	211,418
Shanghai Yuzhou Fengxian Project	29,912	Shanghai	65,807	100%	55,936	9,871	–	–	65,807
Hefei Yuzhou Feixi Project	107,147	Hefei	144,249	51%	144,249	–	–	–	144,249
Yuzhou Mountain FairyLand	62,503	Nanjing	81,254	20%	71,254	10,000	–	–	81,254
Yangzhou Yuzhou Jiangdu Project	150,266	Yangzhou	270,479	40%	270,479	–	–	–	270,479
Hangzhou Yuzhou Gongshu Project	75,068	Hangzhou	187,670	50%	187,670	–	–	–	187,670
Tianjin Yuzhou 07 Project	45,437	Tianjin	54,524	42%	54,524	–	–	–	54,524
Tianjin Yuzhou 08 Project	79,346	Tianjin	95,215	20%	95,215	–	–	–	95,215
Tianjin Yuzhou Beichen Project	739,251	Tianjin	703,997	30%	703,997	–	–	–	703,997
Tianjin Yuzhou Beicang Project	136,749	Tianjin	292,003	30%	292,003	–	–	–	292,003
Tangshan Yuzhou Qinglong Lake Project	10,139	Tangshan	20,278	51%	20,278	–	–	–	20,278
Qingdao Yuzhou Binhai Avenue Project	14,077	Qingdao	95,170	49%	95,170	–	–	–	95,170
Shenyang Yuzhou Sujiatun Project	1,250,000	Shenyang	1,880,000	100%	1,880,000	–	–	–	1,880,000
Beijing Yuzhou Beishi Project	8,600	Beijing	39,000	65%	–	39,000	–	–	39,000
Shijiazhuang Yuzhou Xinhua Project	18,075	Shijiazhuang	41,572	80%	37,954	3,618	–	–	41,572
Huizhou Yuzhou Dongrun Project	70,583	Huizhou	223,748	95%	223,748	–	–	–	223,748
Zhengzhou Yuzhou Xinyang Project	46,691	Zhengzhou	116,446	34%	111,447	5,299	–	–	116,446
Sub-total	3,607,055		4,284,700		4,216,912	67,788	–	–	2,382,170
Total	14,465,662		32,145,853		12,388,713	1,221,117	6,506,824	12,029,199	13,155,739

Notes:

- (1) As of the date of this offering memorandum, we had obtained the required land use rights certificates for 155 of our properties except for Zhangzhou Yuzhou Zhangpu Project. Please see “– Description of Our Property Developments” for details.
- (2) “Total GFA Completed” and “Total GFA Under Development” for completed property developments and properties under development, respectively, are derived from our internal records.
- (3) “Total Saleable GFA” is derived from our internal records and estimates.
- (4) “Held for Investment Only” reflects total rentable GFA for all of our projects except for Yuzhou Wyndham Grand Plaza Royale Hotel which is not for sale and is held for investment purposes only.
- (5) “Total Saleable Pre-sold” reflects, for completed properties or properties under development, total saleable GFA pre-sold.
- (6) “Total Saleable GFA Sold and Delivered” reflects, for completed properties, total saleable GFA sold and delivered.
- (7) See “– Projects Held for Future Development and Potential Projects” for details.

The following map illustrates the geographic locations of our 156 property development projects as of December 31, 2019:



BEIJING 北京

- 1 Yuzhou Langham Bay
禹洲 • 朗廷灣
- 2 Beijing Yuzhou Beishi Project
北京禹洲 • 北實項目

BENGBU 蚌埠

- 3 Yuzhou Prince Lakeshire
禹洲 • 龍子湖郡

BOZHOU 亳州

- 4 Yuzhou Champion Mansion
禹洲 • 名邦狀元府

CHONGQING 重慶

- 5 Yuzhou Redsun Joy Mansion
禹洲 • 弘陽昕悅府
- 6 Yuzhou Luxury Mansion
禹洲 • 雍錦府
- 7 Yuzhou Langham Mansion
禹洲 • 朗廷雅築

FOSHAN 佛山

- 8 Yuzhou Coastal Garden
禹洲 • 沿海馨庭
- 9 Yuzhou Langham Bay
禹洲 • 朗廷灣
- 10 Yuzhou Langorchid
禹洲 • 朗悅
- 11 Yuzhou Langshine Mansion
禹洲 • 朗晴苑
- 12 Yuzhou Sunrises
禹洲 • 曦悅

FUZHOU 福州

- 13 Yuzhou Gushan No. One
禹洲 • 鼓山一號
- 14 Yuzhou Cambridge Town
禹洲 • 劍橋學苑
- 15 Yuzhou Oriental Venice
禹洲 • 東方威尼斯
- 16 Yuzhou Radiance Central Mansion
禹洲 • 金輝里

- 17 Yuzhou Joy Center
禹洲 • 茂悅中心
- 18 Yuzhou Langham Bay
禹洲 • 朗廷灣
- 19 Yuzhou Resplendent Wonderland
禹洲 • 璀璨江山
- 20 Fuzhou Yuzhou Cangshan Project
福州禹洲 • 倉山項目

HANGZHOU 杭州

- 21 Yuzhou Riverside Sapphire
禹洲 • 濱之江
- 22 Yuzhou Polaris Mansion
禹洲 • 國宸府
- 23 Yuzhou Lakeside Langham
禹洲 • 泊朗廷
- 24 Hangzhou Yuzhou Gongshu Project
杭州禹洲 • 拱墅項目

HEFEI 合肥

- 25 Yuzhou Skyline
禹洲 • 天境
- 26 Yuzhou Jade Lakeshire
禹洲 • 翡翠湖郡
- 27 Yuzhou Town
禹洲城
- 28 Yuzhou Royal Seal
禹洲 • 天璽
- 29 Yuzhou Central Town
禹洲 • 中央城
- 30 Yuzhou Sky Aqua Mall
禹洲 • 天河茂
- 31 Yuzhou Central Plaza
禹洲 • 中央廣場
- 32 Yuzhou Langxi Community
禹洲 • 郎溪上里
- 33 Yuzhou Jade Green Bay
禹洲 • 龍玥灣
- 34 Yuzhou Galaxy Park
禹洲 • 銀河Park
- 35 Yuzhou Moon Lake Mansion
禹洲 • 平湖秋月

- 36 Yuzhou Academical Spring
禹洲 • 學林春曉
- 37 Yuzhou Honor Mansion
禹洲 • 雍榮府
- 38 Yuzhou Greentown Orchid Garden
禹洲 • 綠城蘭園
- 39 Yuzhou Times Life Hight
禹洲 • 時代領峯
- 40 Yuzhou The Splendid Era
禹洲 • 錦繡首璽
- 41 Hefei Yuzhou Feixi Project
合肥禹洲 • 肥西項目

HONGKONG 香港

- 42 Yuzhou Upper Central
禹洲 • 堅道項目

HUIZHOU 惠州

- 43 Yuzhou Wujing The Scenery
禹洲 • 五經山水大觀
- 44 Huizhou Yuzhou Dongrun Project
惠州禹洲 • 東潤項目

JINHUA 金華

- 45 Yuzhou Future Everbight
禹洲 • 新城晟昱
- 46 Yuzhou Mansion
禹洲府

KAIFENG 開封

- 47 Yuzhou Honor Mansion
禹洲 • 嘉譽府

LONGYAN 龍岩

- 48 Yuzhou Castle above City
禹洲 • 城上城

NANJING 南京

- 49 Yuzhou The Jiqing
禹洲 • 吉慶里
- 50 Yuzhou Moon Riverside
禹洲 • 映月溪山
- 51 Yuzhou Lakeside
禹洲 • 濱湖里

- 52 Yuzhou Redsun The Times
禹洲•弘陽時光印象
- 53 Yuzhou Redsun The Spring
禹洲•弘陽時光春曉
- 54 Yuzhou King's Garden
禹洲•金陵銘著
- 55 Yuzhou Hechang Golden East
禹洲•和昌金城東方
- 56 Yuzhou Honor Galaxy
禹洲•嘉譽星島
- 57 Yuzhou Jinling Langham
禹洲•金陵朗廷
- 58 Yuzhou Cofco Metropolitan 09
禹洲•中糧都會09
- 59 Yuzhou Pink Lake Mansion
禹洲•平瀾府
- 60 Yuzhou Ease Mansion
禹洲•金茂逸墅
- 61 Yuzhou C&D Center Manor
禹洲•建發央譽
- 62 Yuzhou Upper East Side Garden
禹洲•上東逸境
- 63 Yuzhou Mountain FairyLand
禹洲•樾山林語

NINGBO寧波

- 64 Yuzhou Luna Sea Mansion
禹洲•海西明月府

QINGDAO青島

- 65 Yuzhou Art Wonderland
禹洲•金地江山藝境
- 66 Yuzhou Langham Mansion
禹洲•朗廷府
- 67 Yuzhou Langham Bay
禹洲•朗廷灣
- 68 Qingdao Yuzhou Binhai Avenue Project
青島禹洲•濱海大道項目

QUANZHOU泉州

- 69 Yuzhou City Plaza
禹洲•城市廣場
- 70 Yuzhou Honor Mansion
禹洲•嘉譽府
- 71 Yuzhou Honor Promenade
禹洲•嘉譽風華

SHANGHAI上海

- 72 Yuzhou Jinqiao International
禹洲•金橋國際
- 73 Yuzhou Plaza
禹洲廣場
- 74 Yuzhou Commercial Plaza
禹洲•商業廣場
- 75 Yuzhou City Plaza
禹洲•城市廣場
- 76 Yuzhou Bustling Center
禹洲•老城里
- 77 Yuzhou Beautiful Garden Life
禹洲•丁香里
- 78 Yuzhou Noble Mansion
禹洲•雍賢府
- 79 Yuzhou Dongtan Grace Mansion
禹洲•東灘雍禧
- 80 Yuzhou Country
禹洲府
- 81 Yuzhou Jinmao Residence
禹洲•金茂悅
- 82 Yuzhou Luxury Mansion
禹洲•雍錦府
- 83 Yuzhou Modern Mansion
禹洲•酷悅都會
- 84 Yuzhou Jinmao Langpark
禹洲•金茂郎苑
- 85 Shanghai Yuzhou Jinshan Project
上海禹洲•金山項目
- 86 Shanghai Yuzhou Fengxian Project
上海禹洲•奉賢項目

SHENYANG瀋陽

- 87 Yuzhou Plaza
禹洲廣場
- 88 Shenyang Yuzhou Sujiatun Project
瀋陽禹洲•蘇家屯項目

SHIJIAZHUANG石家莊

89. Shijiazhuang Yuzhou Xinhua Project
石家莊禹洲•新華項目

SUZHOUS蘇州

- 90 Yuzhou Honor Hill
禹洲•嘉譽山
- 91 Yuzhou Honor Promenade
禹洲•嘉譽風華
- 92 Yuzhou Honor Galaxy
禹洲•嘉譽星島
- 93 Yuzhou Zhaoshang The Absolute
禹洲招商拾鯉花園
- 94 Yuzhou Royale Aqua Mansion
禹洲•雍澤府
- 95 Yuzhou Blue Seasons
禹洲•蔚藍四季
- 96 Yuzhou Metropolitan Lights
禹洲•都會之光
- 97 Yuzhou Royal Mansion
禹洲•運河與岸
- 98 Yuzhou Rocker Park
禹洲•洛克公園
- 99 Yuzhou Oak Manor
禹洲•橡樹灣

TANGSHAN唐山

- 100 Yuzhou Fengnan New Town
禹洲•豐南新城
- 101 Yuzhou Phoenix Mansion
禹洲•鳳凰府
- 102 Tangshan Yuzhou Qinglong Lake Project
唐山禹洲•青龍湖項目

TIANJIN天津

- 103 Yuzhou Royal Lakeshire
禹洲•御湖郡
- 104 Yuzhou Palace Mansion
禹洲•尊府
- 105 Yuzhou Joy Mansion
禹洲•悅府
- 106 Yuzhou Lianfa Red Shire
禹洲•聯發紅郡
- 107 Yuzhou Blissed Mansion
禹洲•雲著花園
- 108 Yuzhou Poetic Dwelling
禹洲•御江臺
- 109 Tianjin Yuzhou 07 Project
天津禹洲•07項目
- 110 Tianjin Yuzhou 08 Project
天津禹洲•08項目
- 111 Tianjin Yuzhou Beichen Project
天津禹洲•北辰項目
- 112 Tianjin Yuzhou Beicang Project
天津禹洲•北倉項目

WUHAN武漢

- 113 Yuzhou Lingjiao River No.One
禹洲•菱角湖一號
- 114 Yuzhou Silo City
禹洲•賽洛城
- 115 Yuzhou Langham City Land
禹洲•朗廷元著

WUXI無錫

- 116 Yuzhou Park Land
禹洲•公元九里

XIAMEN廈門

- 117 Yuzhou Overseas City
禹洲•華僑海景城
- 118 Yuzhou Shuilian Manor
禹洲•水蓮山莊
- 119 Yuzhou Hai Tian Plaza
禹洲•海天廣場
- 120 Yuzhou Harbour City
禹洲•海灣新城
- 121 Yuzhou New City
禹洲新城
- 122 Yuzhou Garden
禹洲花園

- 123 Yuzhou Galaxy Garden
禹洲•星洲花園

- 124 Yuzhou New Manor
禹洲新村

- 125 Yuzhou World Trade Center
禹洲•世貿中心

- 126 Yuzhou Golden Seacoast
禹洲•華僑金海岸

- 127 Yuzhou University City
禹洲•大學城

- 128 Yuzhou Castle above City
禹洲•城上城

- 129 Yuzhou Sunshine City
禹洲•陽光花城

- 130 Yuzhou Golf
禹洲•高爾夫

- 131 Yuzhou Shoreline
禹洲•尊海

- 132 Yuzhou Cloud Top International
禹洲•雲頂國際

- 133 Yuzhou Plaza
禹洲廣場

- 134 Yuzhou Central Coast
禹洲•中央海岸

- 135 Yuzhou Lucca Town
禹洲•盧卡小鎮

- 136 Yuzhou Haicang Vanke City
禹洲•海滄萬科城

- 137 Yuzhou Riverside City Town
禹洲•溪堤尚城

- 138 Yuzhou Wyndham Grand Plaza Royale Hotel
禹洲•溫德姆至尊豪廷大酒店

- 139 Yuzhou Chunjiang Central
禹洲•春江鄰城

- 140 Yuzhou Jingyue City
禹洲•環閩城

- 141 Yuzhou East Coast Langham
禹洲•東岸朗廷

- 142 Xiamen Yuzhou Xiang'an Project
廈門禹洲•翔安項目

- 143 Xiamen Yuzhou Tong'an Project
廈門禹洲•同安項目

XINXIANG新鄉

- 144 Yuzhou Honor Century
禹洲•嘉譽公元

XUZHOU徐州

- 145 Yuzhou Lakeside Langham
禹洲•驚湖朗廷

YANGZHOU揚州

- 146 Yuzhou Honor Promenade
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- 147 Yuzhou Presedential Palace
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- 156 Yuzhou Majestic Mansion
禹洲•金宸府

The following are detailed descriptions of our 156 projects as of December 31, 2019. The commencement date relating to each project or each phase of a project refers to the date of the work commencement permit. The completion date set out in the descriptions of our completed property developments refers to the date on which the Completed Construction Works Certified Report was obtained for each project (or each phase of a multi-phase project). For projects or project phases under development, the completion date of a project or project phase reflects our best estimate based on our current development plans.

Completed Projects

Yuzhou Overseas City (禹洲•華僑海景城)



Yuzhou Overseas City is a residential complex located in the Old Town area of Xiamen, at the edge of West Hexiang Road (禾祥西路). The project is located near commercial centers and educational institutions. In addition, residents enjoy views of Xiamen Gulf Park (海灣公園), Yundang Lake (筭筭湖), and Xiamen's western coast. We offer a wide range of lifestyle amenities to our residents. The commercial section of the project has become an international food court that connects with the Hexiang Road Food Street (禾祥美食街) to provide a commercial area. The project received the "2004-2005 Outstanding Project Award in Xiamen" (2004-2005年度廈門地產風雲榜優秀樓盤) from Xiamen Real Estate Association (廈門市房地產業協會) and Xiamen Daily (廈門日報社), and the "2005 Minnan Ten Best Units – Best Innovative Comfort Unit" (2005閩南十佳人居戶型 – 最具創意舒適戶型) from the Hai Xia Dao Bao (海峽導報).

We acquired the land for the project through the acquisition of a then independent third party company. The consideration for the acquisition of the company was RMB20 million. The project occupies a total site area of approximately 27,703 sq.m. with a total GFA of 236,745 sq.m. It comprises 1,333 residential units with a total saleable GFA of approximately 195,353 sq.m., 174 retail units with a total saleable GFA of approximately 22,330 sq.m. and 327 car park spaces with a GFA of 17,961 sq.m. As of the date of this offering memorandum, all of the GFA of the residential units had been sold. Currently, we retain a total saleable GFA of approximately 1,101 sq.m. for investment purposes. The project comprises two phases and was developed by Xiamen Huaqiao City Real Estate Co., Ltd. (廈門華僑城房地產開發有限公司) ("Xiamen Huaqiaocheng Co."), one of our wholly-owned subsidiaries. We hold the 100% interest in the project.

Yuzhou Shuilian Manor (禹洲•水蓮山莊)



Yuzhou Shuilian Manor is a residential complex located on Jinshang Road (金尚路) in Xiamen, near Wuyuan Bay (五緣灣) and offices of several Fortune 500 companies. Certain units in Yuzhou Shuilian Manor feature layout design elements which increase the usage area by a factor of approximately 30-40%. For example, due to our high-quality design, certain rooms in these units qualify as semi-open patios for which only half of the actual usage area is considered as saleable GFA under relevant PRC regulations. In addition, the project features a garden, swimming pool, badminton courts, greenway and other amenities. The project received the “2005 Minnan Ten Best Units–Best Value Unit Design” (2005閩南十佳人居戶型 – 最具價值戶型) from the Hai Xia Dao Bao (海峽導報).

We acquired the land for the project by signing land use rights grant agreements with the PRC government. The consideration for the land was RMB26.5 million. The project occupies a total site area of approximately 12,909 sq.m. with a total GFA of 27,325 sq.m. As of the date of this offering memorandum, all of the residential units had been sold. The project was developed by Xiamen Yaozhou Real Estate Development Company (廈門堯洲房地產開發有限公司) (“Yaozhou Co.”), our wholly-owned subsidiary. We hold the 100% interest in the project.

Yuzhou Hai Tian Plaza (禹洲•海天廣場)



Yuzhou Hai Tian Plaza is a residential complex located in Xiamen on South Siming Road (思明南路). The project is close to Huaqiao Museum (華僑博物館), Hongshan Park (鴻山公園), Nanputuo Mountain (南普陀五老峰) as well as Xiamen University and other educational institutions. The project provides its residents with views of the ocean and Nanputuo Mountain.

We acquired the land for the project by signing land use rights grant agreements with the PRC government. The consideration for the land was RMB25.8 million. The project occupies a total site area of approximately 6,316 sq.m. with a total GFA of 64,575 sq.m. It comprises 395 residential units with a total saleable GFA of approximately 57,347 sq.m., 24 retail units with a total saleable GFA of approximately 1,101 sq.m. and 87 car park spaces with a GFA of 5,227 sq.m. As of the date of this offering memorandum, all of the GFA of the residential units had been sold. The project was developed by Xiamen Skyplaz Realty & Development Co., Ltd. (廈門海天房地產開發有限公司)(“Haitian Co.”), one of our wholly-owned subsidiaries. We hold the 100% interest in the project.

Yuzhou Harbour City (禹洲•海灣新城)



Yuzhou Harbour City is a residential complex located on North Hubin Road (海濱北路) in Xiamen near Yundang Lake (筭管湖). The project is adjacent to numerous restaurants, markets, hospitals, schools and business centers and is flanked by Xian Yue Mountain (仙嶽山) and Yundang Lake. The project received the “Outstanding Complex Award” (總行級「優質樓盤放心房」) awarded by China Construction Bank in 2005.

We acquired the land for the project through a judicial procedure. The consideration for the land was RMB145.8 million. The project occupies a total site area of approximately 20,089 sq.m. with a total GFA of 186,013 sq.m. It comprises 1,260 residential units with a total saleable GFA of approximately 156,469 sq.m., 38 retail units with a total saleable GFA of approximately 7,821 sq.m. and 367 car park spaces with a GFA of 21,723 sq.m. As of the date of this offering memorandum, all of the residential units had been sold. The project comprises two phases and was developed by Xiamen Fengzhou Real-Estate Co., Ltd. (廈門豐洲置業有限公司) (“Fengzhou Investment Co.”), one of our subsidiaries. We hold 100% interest in the project.

Yuzhou New City (禹洲新城)



Yuzhou New City is a residential complex located in Xiamen to the east of Dongdu Haotou Shugang Road (東渡濠頭疏港路). It is adjacent to Xianyueshan Forest Park (仙岳山森林公園), Haicang Bridge (海滄大橋), and Niutoushan Park (牛頭山公園風景區). The project contains a large-size green area and swimming pool. The project received the “2003 My Ideal Home Award” (2003我心中的理想家園) from Fujian Daily (福建日報社) and the Fujian Consumer Commission (福建省消費者委員會).

We acquired the land for the project by signing land use rights grant agreements with the PRC government. The consideration for the land was RMB60.5 million. The project occupies a total site area of approximately 25,610 sq.m. with a total GFA of 90,770 sq.m. It comprises 754 residential units with a total saleable GFA of approximately 76,602 sq.m., 138 retail units with a total saleable GFA of approximately 11,008 sq.m. and 100 car park spaces with a GFA of 3,161 sq.m. As of the date of this offering memorandum, all of the residential units had been sold. The project comprises two phases and was developed by Xiamen Yuzhou Property Development Co., Ltd. (廈門禹洲房地產開發有限公司) (“Yuzhou Development Co.”), one of our wholly-owned subsidiaries. We hold 100% interest in the project.

Yuzhou Garden (禹洲花園)



Yuzhou Garden is a residential community located in Xiamen at the intersection of Jinshang Road (金尚路) and Lianqian Road (蓮前大道). The project is located next to schools, financial centers, markets, shopping centers and entertainment facilities. The traditional Chinese style project was well-received by the market for its design and quality and won the “Outstanding Sales Complex Award” (優秀營銷樓盤) from the Xiamen Real Estate Association (廈門市房地產業協會) in 1999.

We acquired the land for the project by signing land use rights grant agreements with the PRC government. The consideration for the land was RMB54.4 million. The project occupies a total site area of approximately 27,345 sq.m. with a total GFA of 92,119 sq.m. It comprises 938 residential units with a total saleable GFA of approximately 78,207 sq.m., 174 retail units with a total saleable GFA of approximately 12,063 sq.m. and 57 car park spaces with a GFA of 1,849 sq.m. As of the date of this offering memorandum, all of the residential units had been sold. The project comprises three phases and was developed by Yuzhou Development Co. and Xiamen Yuzhou Group Ltd. (廈門禹洲集團股份有限公司) (“Xiamen Yuzhou Group Co.”), both of which are our wholly-owned subsidiaries.

Yuzhou Galaxy Garden (禹洲•星洲花園)



Yuzhou Galaxy Garden is a residential complex located in Xiamen at the intersection of Jinshang Road (金尚路) and Jinhu Road (金湖路), close to Wuyuan Bay (五緣灣). We believe our high-quality interior design increases each unit's usable space. The project received the "2007 Ten Best Minnan Ten Best Units – Best Classic Comfort Unit" (2007閩南十佳人居戶型 – 最經典舒適戶型) from the Hai Xia Dao Bao (海峽導報).

We acquired the land for the project by signing land use rights grant agreements with the PRC government. The consideration for the land was RMB160.7 million. The project occupies a site area of approximately 26,367 sq.m. with a total GFA of approximately 91,689 sq.m. As of the date of this offering memorandum, all of the residential units had been sold. The project was developed by Xiamen Yaozhou Real Estate Development Company, our wholly-owned subsidiary. We hold 100% interest in the project.

Yuzhou New Manor (禹洲新村)



Yuzhou New Manor is a residential complex located on Nanshan Road (南山路) in Xiamen's Huli District (湖里區). Taking advantage of its vicinity to Xian Yue Mountain (仙嶽山), the project provides gardens, greens, and relaxation areas that complement the natural surroundings.

We acquired the land for the project by signing land use rights grant agreements with the PRC government. The consideration for the land was RMB58.6 million. The project occupies a total site area of approximately 45,619 sq.m., with a total GFA of 118,652 sq.m. It comprises 1,316 residential units with a total saleable GFA of approximately 114,103 sq.m., 18 retail units with a total saleable GFA of approximately 868 sq.m. and 142 car park spaces with a GFA of 3,681 sq.m. As of the date of this offering memorandum, all of the residential units had been sold. The project comprises two phases and was developed by Yuzhou Development Co., one of our wholly-owned subsidiaries. We hold 100% interest in the project.

Yuzhou World Trade Center (禹洲•世貿中心)



Yuzhou World Trade Center is a residential and commercial complex located in Xiamen's central train station commercial district. The location features access to business and leisure destinations. The project consists of two phases. Phase I consists of Sections A and D, two high-rise towers, and Phase II consists of Section B, a third high-rise tower. The project includes residential units, a Walmart and The Mall at Yuzhou World Trade Center. The project received the "Xiamen Most Valuable Complex" (廈門最具配套價值樓盤) award in 2009 from the Quanzhou Evening News newspaper (泉州晚報社).

The Mall at Yuzhou World Trade Center is a commercial complex located within Yuzhou World Trade Center. The Mall at Phase I of Yuzhou World Trade Center contains shopping, dining and entertainment venues and has become one of the most popular destinations for consumers in Xiamen. The Mall at Phase II of Yuzhou World Trade Center has added more attractions and facilities, making it the top destination for consumers in Xiamen.

We acquired the land for the project through the acquisition of a then independent third party company. The consideration for the acquisition of the company was RMB258.4 million. The entire project occupies a site area of approximately 19,454 sq.m. with a total GFA of approximately 182,640 sq.m. The project comprises approximately 1,465 residential units with a total saleable GFA of approximately 100,002 sq.m., 287 retail shop units with a total saleable GFA of approximately 64,869 sq.m. and 332 car park spaces with a GFA of approximately 17,769 sq.m.

The project was developed by Xiamen Richville Development Ltd. (廈門貴豐房地產開發有限公司) ("Guifeng Co."), one of our wholly-owned subsidiaries, which we acquired in February 2007. As of the date of this offering memorandum, all of the residential units had been sold. We hold the 100% interest in the project. We hold a total saleable GFA of approximately 49,100 sq.m. for investment purposes.

Yuzhou Golden Seacoast (禹洲•華僑金海岸)



Yuzhou Golden Seacoast is a residential complex located on Xinggang Road (興港大道) in Xiamen's Haicang District (海滄區), close to Haicang Shizheng Plaza (海滄市政廣場), as well as Haicang's music hall and theater. Certain units in Yuzhou Golden Seacoast feature layout design elements which increase the usage area by approximately 30-40%. For example, due to our high-quality design, certain rooms in these units qualify as semi-open patios for which only half of the actual usage area is considered as saleable GFA under relevant PRC regulations. The project received the "2007 Minnan Ten Best Units – Best Innovative Comfort Unit" (2007閩南十佳人居戶型 – 最具創意舒適戶型) from the Hai Xia Dao Bao (海峽導報).

Yuzhou Development Co., one of our wholly-owned subsidiaries, acquired the land for the project through a government-organized listing-for-sale. The consideration for the land was RMB376.0 million. In August 2006, the transferee of the land was changed to Xiamen Yuzhou Group Realty Invest Co., Ltd. (廈門禹洲集團地產投資有限公司) ("Yuzhou Real Estate Investment Co."), whose current name is Xiamen Grand Future Real Estate Development Co., Ltd. (廈門禹洲鴻圖地產開發有限公司), one of our wholly-owned subsidiaries. The project occupies a site area of approximately 70,793 sq.m. with a total GFA of approximately 226,679 sq.m. As of the date of this offering memorandum, all of the residential units had been sold. The project was developed by Yuzhou Real Estate Investment Co. We hold 100% interest in the project. We hold a total saleable GFA of approximately 31,650 sq.m. for investment purposes.

Yuzhou University City (禹洲•大學城)



Yuzhou University City is a residential complex located close to Jimei University (集美大學) on Jimei Tongji Road (集美同集路) in Xiamen. It comprises seven blocks of high-rises and shopping malls. The project includes basketball and tennis courts and other community facilities. The project is also adjacent to Fujian Province's largest indoor arena.

We acquired the land for the project through the acquisition of a then independent third party company. The consideration for the acquisition of the company was RMB400 million and HK\$30 million. The project occupies a site area of approximately 90,750 sq.m., with a total GFA of approximately 467,112 sq.m. There are two phases of the project, both of which were completed and delivered. The project was developed by Xiamen Kim International Realty Development Co., Ltd. (廈門金國際地產發展有限公司) ("Jinguoji Co."), one of our wholly-owned subsidiaries. We hold 100% interest in the project. We currently hold a total saleable GFA of approximately 7,096 sq.m. for investment purposes.

Yuzhou Castle above City (禹洲•城上城)



Yuzhou Castle above City is a residential complex located at the cross section of Jinshang Road (金尚路) and Jinhu Road (金湖路) in Xiamen, close to Hutoushan Forest Park (虎頭山森林公園) and Wuyuan Bay (五緣灣).

We acquired the land for the project through the acquisition of a then independent third party company. The consideration for the acquisition of the company was Singapore Dollars 2.4 million. The project occupies a total site area of approximately 52,715 sq.m., with a total GFA of approximately 231,017 sq.m. As of the date of this offering memorandum, all of the residential units had been sold. The project was developed by Xiamen Diyuan Bonded Storage and Distribution Co., Ltd. (廈門帝元保稅儲運有限公司) (“Xiamen Diyuan Co.”), one of our subsidiaries. We hold 100% interest in the project. We hold a total saleable GFA of approximately 2,758 sq.m. for investment purposes.

Yuzhou Sunshine City (禹洲•陽光花城)



Yuzhou Sunshine City comprises nine blocks of residential buildings and includes basketball courts and other facilities.

On June 8, 2010, we won the bid for a site referred to as “2010TP08” in the West Strait Economic Zone of Xiamen, which is located at lots 02-3, 02-5, Wulu Road North, Tong’an Central Industrial District, for RMB94 million. It occupies a total site area and total saleable GFA of 22,868 sq.m. and 72,257 sq.m. respectively. The project was developed by Xiamen Kim International Realty Development Co., Ltd. and we hold 100% interest in the project.

Yuzhou Golf (禹洲•高爾夫)



Yuzhou Golf is a residential complex located on Maqing Road (馬青路), adjacent to Xiamen Orient Golf Club (廈門東方高爾夫俱樂部). It is next to the Local Municipal Government with well-established living and commercial facilities. It is a unique set of golf villas with a panoramic view of the coastline in West Strait Economic Zone (海西經濟區). It received the award of “Asia’s International Green Living Environment of 2010” (亞洲國際住宅人居環境獎) from Asia Housing and Environment Development Association (亞洲住宅與環境發展研究會) and the award of “Best Architectural Appearance of 2011” by 2012 Xiamen Real Estate Oscar Award.

Pursuant to a transfer agreement entered into between Orient (Xiamen) Golf Country Club Recreation Co. Ltd. and us on November 18, 2009, we agreed to acquire from Orient (Xiamen) Golf Country Club Recreation Co. Ltd. a parcel of land located in Xiamen’s Haicang District (海滄區) for a consideration of RMB133.5 million. The project occupies a site area of approximately 55,986 sq.m., with a total GFA of 114,574 sq.m. The project was developed by Yuzhou Real Estate Investment Co., one of our wholly-owned subsidiaries, and we wholly own the project.

Yuzhou Shoreline (禹洲•尊海)



Yuzhou Shoreline is a residential and retail complex located on Xinggang Road (興港路), which is in close proximity to Gulangyu (鼓浪嶼). The project is located at the heart of Xiamen Haicang CBD and designed to offer a panoramic view of the ocean, lake and forestry. The project was named as one of “2011’s Best Ten Chinese Properties with Exemplary Living Environment” at the Boao Forum and was awarded “Best Landscape Design of 2011” by 2012 Xiamen Real Estate Oscar Award.

We acquired the land through a government-organized listing-for-sale. The consideration for the land was RMB1,500.0 million. The project occupies a site area of approximately 107,622 sq.m., with a total GFA of approximately 421,316 sq.m. The project was developed by Yuzhou Real Estate Investment Co., one of our wholly-owned subsidiaries. We wholly own the project. We hold a total saleable GFA of approximately 14,400 sq.m. for investment purposes.

Yuzhou Cloud Top International (禹洲•雲頂國際)



Yuzhou Cloud Top International is a residential and retail complex located close to Ruijing commercial area on West Lianqian Road (蓮前西路). The project is adjacent to the Dongfang Shanzhuang Station (東方山莊站) of Xiamen's new Bus Rapid Transit System (the "BRT") (快速公交系統), and is in close proximity to the Yunding Mountain (雲頂山). This project was accredited as one of the "Most Notable New Projects in 2012" by 2012 Xiamen Real Estate Oscar Award.

In May 2009, we entered into a land grant contract to acquire the land for the F1 Plaza project through a government-organized listing-for-sale. The consideration for the land is RMB226 million. The project occupies a site area of approximately 15,652 sq.m., with a planned total GFA of approximately 71,214 sq.m., of which approximately 24,000 sq.m. will be used to build a BRT terminal and related facilities for the government on the land. As of the date of this offering memorandum, all of the residential units had been sold. The project was developed by Xiamen Skyplaz Realty & Development Co., Ltd., one of our wholly-owned subsidiaries. We wholly own the project.

Yuzhou Plaza (禹洲廣場)



Yuzhou Plaza is an office building located on Hubin South Road (湖濱南路) in Xiamen, north of Minggong Building. We believe the architectural design of the 41-story tower, with its modern and streamlined design, represents the spirit of the lake environment and intend that the unique sail shape of the building be seen as a symbol of leadership.

We acquired the land for the project by signing land use rights grant agreements with the PRC government whereby the land was transferred to us from an independent third party in February 2006. The consideration for the land was RMB151.4 million. Xiamen Huicheng Construction and Development Company Limited, an independent third party, acquired the land through signing land use rights grant agreement with the PRC government in July 2005. In February 2006, upon the approval of local PRC government, the transferee of the land was changed to Xiamen Gangyi Real-Estate Co., Ltd. (廈門港誼置業有限公司) (“Gangyi Investment Co.”). The project occupies a total site area of approximately 3,333 sq.m., with a total GFA of approximately 57,861 sq.m. The project was developed by Gangyi Investment Co., one of our wholly-owned subsidiaries. We wholly own the project. We hold the project for investment purposes.

Yuzhou Central Coast (禹洲•中央海岸)



Yuzhou Central Coast is located at Xingbin Road (杏濱路) at the seafront of Xiamen Jimei (廈門集美) and comprises high-rise residential, commercial and SOHO office buildings. It is at the transportation hub with well-established network of education institutes, banks, and hospitals. It has been accredited as one of the “10 Most Desirable Properties” by members of xmhouse.com, “Best Natural Scenery of 2011” by 2012 Xiamen Real Estate Oscar Award and “2012 China-West Strait Economic Zone Five-Star Property” by Fujian Daily.

Through a listing-for-sale process, in December 2009, we entered into a land grant contract with the local PRC government with respect to the parcel of land which we expect to use for our Yuzhou Central Coast project. The total consideration for the land use right is RMB1,368 million. It occupies a site area of approximately 123,240 sq.m., with a planned total GFA of 615,331 sq.m. The project was developed by Xiamen Yuzhou Seaview Property Development Co., Ltd. (廈門禹洲海景城房地產有限公司) (“Xiamen Yuzhou Seaview Property”), one of our subsidiaries. We hold 100% interest in this project. We hold a total saleable GFA of approximately 25,000 sq.m. for investment purposes.

Yuzhou Lucca Town (禹洲•盧卡小鎮)

Yuzhou Lucca Town is located in Xiamen, Fuzhou Province, at the intersection between the Hongzhong Road in the recreational area and educational district of Xiang'an and the Puwei Road. It has a site area of 54,323 sq.m. and a total GFA of 136,000 sq.m. We wholly owned the project.

Yuzhou Haicang Vanke City (禹洲•海滄萬科城)

Yuzhou Haicang Vanke City is a residential and commercial complex located in the northwest of the intersection of Wengjiao Road and Xinyang Bridge, Haicang District, Xiamen.

On September 20, 2011, we and four other major property developers in the PRC established a joint venture, Xiamen Vanke Maluan Bay Properties Limited (the “Maluan Bay JV”), in which we hold a 20% interest. On October 14, 2011, the Maluan Bay JV signed a land grant contract with the PRC government to acquire a parcel of land located in the Haicang district of Xiamen. The project occupies a total site area of approximately 189,752 sq.m., with a total GFA of 570,229 sq.m. As of the date of this offering memorandum, all of the GFA of the residential units has been sold.

Yuzhou Riverside City Town (禹洲•溪堤尚城)



Yuzhou Riverside City Town mainly comprises villas, garden houses and high-rises and is located at the area of 12-07, the north of Movie & TV City (同安影視城), South Wuxian Area, Tong'an District, Xiamen. It has received the award of “The Nation’s Best Living Environment” at the Asian Properties Summit, the 2011 International Green Properties Selection from China Association of Real Estate Developments (中國房地產開發商協會), U.N.PED (聯合國人居環境發展促進會), Asian Construction & Real Estate Association (亞洲建築與房地產業協會), Forbes Brand Research Center of the Asia-Pacific Region (亞太地區福布斯品牌研究中心), the Chinese Real Estate Famous Person & Famous Enterprises & Famous Project (中國房地產名人名企名盤評估研究中心), and Business Times Brand Research Center (商務時報品牌研究中心), “Best Room-type Designed Residential Property” and “Best Low Block Residential Property” at the 2012 Xiamen Real Estate Oscar.

In October 2010, we acquired two parcels of land in Xiamen through public auction for a total consideration of RMB869.6 million. The two parcels of land, located in Tong'an, Xiamen, occupy a total area of 284,414 sq.m. with a GFA of 559,276 sq.m., translating into an average GFA cost of approximately RMB1,556 per sq.m. The project is being developed by Xiamen Shunzhou Real Estate Development Co., Ltd. and we wholly own the project. We plan to retain a total saleable GFA of approximately 80,500 sq.m. for investment purposes.

Yuzhou Wyndham Grand Plaza Royale Hotel (禹洲•溫德姆至尊豪廷大酒店)



Yuzhou Wyndham Grand Plaza Royale Hotel is a high-end, mixed-use project located in Wuyuan Bay (五緣灣), Xiamen’s Central Business District. The hotel faces Haibang Lake (海傍湖), next to one of Xiamen’s newest tourist attraction, Island Ring Road (環島路). The project is close to Gaoqi Airport (高崎國際機場),

Xiamen International Convention and Exhibition Center, Xiamen Train Station and the city center, Xiamen Port and Xiamen University. The entire project will comprise the five-star standard Yuzhou Wyndham Grand Plaza Royale Hotel, a shopping center and villas. The hotel is expected to have more than 400 guest rooms and suites, with most of the rooms enjoying ocean views. The hotel will also have a banquet hall, conference rooms, restaurants, business center, gym, swimming pool and bar.

We acquired the land for the project through a government-organized listing-for-sale for a consideration of RMB120.0 million. The project occupies a total site area of approximately 60,018 sq.m., with a total GFA of approximately 102,142 sq.m. The project is developed by Xiamen Yuzhou Hotel Invest & Manage Co., Ltd. (廈門禹洲酒店投資管理有限公司) (“Xiamen Yuzhou Hotel Co.”), of which we currently hold 100% equity interest. For this project, we have been granted the land use rights certificate and the required construction works commencement permits for basement construction work. We commenced construction of the project in October 2007. On September 15, 2010, we received a notice from the planning authorities in Xiamen, informing us that we must re-design our development plan and temporarily suspend construction of the project as the local government revised urban planning for the whole neighborhood where this project is located. In April 2011, the local government reconfirmed our construction works commencement permit and we have since recommenced construction. We intend to hold the hotel, which commenced operation in February 2019, for long-term investment.

Yuzhou Castle above City (禹洲•城上城)



Longyan Yuzhou Castle above City Project is located in the center of Dongshan Zone, Xinlu District in Longyan. We develop it into complexes with both residential buildings and commercial units.

In August 2012, the Group purchased the land at a consideration of RMB600.0 million. The project has a site area of 100,878 sq.m. and a total GFA of 322,930 sq.m. We wholly owned the project. We currently hold a total saleable GFA of approximately 14,600 sq.m. for investment purposes.

Yuzhou Gushan No. One (禹洲•鼓山一號)



Yuzhou Gushan No. One is a residential complex consisting of garden villas and duplexes. The project, nestled in the hills adjacent to the Gu Shan National Park (國家級風景區鼓山), is located in the eastern part of the city of Fuzhou, close to the Fuma Freeway (福馬快速路) and the east third ring of Fuzhou (福州東三環). Each unit includes private garden, car park garage, equipment room and balcony. Gym, community center, outdoor swimming pool and tennis courts are provided for the community. Our Yuzhou Gu Shan No. One project was named one of the “2008 China Real Estate Index System Top Ten Recommended High-End Villas” (2008中國房地產指數系統測評推薦的十大高端別墅) by China Real Estate Index System of China Index Academy³ (中國指數研究院中國房地產指數系統) and Real Estate and Market Research Committee of China Real Estate Association (中國房地產協會產業與市場研究事業委員會).⁴

We acquired the land for the project through the acquisition of a then independent third party company. The consideration for the acquisition of the company was RMB115 million. The project occupies a total site area of approximately 234,160 sq.m., with a total GFA of 83,075 sq.m. The project was developed by Goastal Greenland Development (Fujian) Limited (沿海綠色家園發展(福建)有限公司) (“Fujian Yanhai Co.”), one of our subsidiaries. We hold a 100% interest in the project.

Yuzhou Cambridge Town (禹洲•劍橋學苑)

Yuzhou Cambridge Town is located in Fuzhou, Fujian Province, adjacent to the exit of the Shenyang-Haikou Expressway to the north. It was designed for building 12 high-rises, with 6,800 sq.m. ground floor shops, the lowest density residential-only project in Lianjiang. It has a site area of 54,507 sq.m. and a total GFA of 136,268 sq.m. We wholly own the project and developed it into a residential use project.

³ China Real Property Index System was established in 1994 with coverage of 17 cities throughout China.

⁴ China Real Estate Association is an incorporated society registered with the PRC Ministry of Civil Affairs and conducts its activities under the administration of the PRC Ministry of Construction. The Association is a non-profit organization with voluntary memberships including the enterprises and institutions specializing in the development, operation, trading and brokerage of real estate businesses, decorations, and property management, local real estate associations and individuals in the real estate sector.

Yuzhou Jinqiao International (禹洲•金橋國際)



Yuzhou Jinqiao International is a commercial complex located in the Pudong District (浦東區) of Shanghai. Located at the intersection of New Jinqiao Road (新金橋路) and Jingang Road (金港路), the project is adjacent to the Jinqiao Commercial District. The design for certain units in Yuzhou Jinqiao International features raised ceilings of 5.3 meters, providing the option to our customers of constructing a mezzanine level which can increase the usage area by a factor of at least 90%. This project is a collaboration with Singaporean architecture firm CPG Corp. and First Pacific Davies Company Limited. The project received the “2009 Central Shanghai Most Valuable Investment Complex” (2009上海中環最具投資價值樓盤) award from NetEase.com Real Estate (網易房產頻道), an independent third party website.

We acquired the land for Phase I of the project through the acquisition of a then independent third party company. The consideration for the acquisition of the company was RMB79 million. We acquired the land for Phase II of the project through the acquisition of a third-party company. The consideration for the acquisition of the company was RMB30 million. We acquired the land for Phase III of the project through the acquisition of a third-party company. The consideration for the acquisition of the company was RMB137.3 million. We acquired the land for Phase IV of the project through a court-organized auction at a consideration of RMB43.5 million. The project occupies a site area of approximately 49,738 sq.m. with a total GFA of approximately 230,955 sq.m. The project comprises approximately 2,837 office units with a total saleable GFA of approximately 175,886 sq.m., 160 retail shop units with a total saleable GFA of approximately 15,765 sq.m. and 915 car park spaces with a GFA of approximately 39,304 sq.m. As of the date of this offering memorandum, all of the residential units had been sold. We currently hold a total saleable GFA of approximately 32,715 sq.m. for investment purposes.

The project comprises four phases. Phase I, namely Shanghai Yuzhou International Tower (上海禹洲國際大廈), was developed by Shanghai Yuejiang Realty Co., Ltd. (now “Shanghai Yuzhou Real Investment Co., Ltd.”), one of our subsidiaries. Phase II, namely Shanghai Yuzhou Jinqiao International Tower (上海禹洲金橋國際大廈), was developed by Shanghai Kangtai Real Estate Development Co., Ltd., one of our subsidiaries. Phase III, namely Shanghai Yanhai Tower (上海燕海大廈), was developed by Shanghai Yanhai Real Estate Development Co., Ltd., one of our subsidiaries. Phase IV, namely Shanghai Liyade Tower (上海利雅得大廈), was developed by Shanghai Liyade Property Investment Co., Ltd., one of our subsidiaries. We wholly own the project.

Yuzhou Plaza (禹洲廣場)



Yuzhou Plaza mainly comprises office buildings and is located at the Jinqiao Export Processing Zone (金橋出口加工區) of Pudong New Area (浦東新區).

On September 6, 2010, we entered into an equity transfer agreement with Beijing Uni-Construction Group Co., Ltd., pursuant to which we became the sole holder of Shanghai Kangyi Property Development Co., Ltd. for a consideration of RMB75.0 million. We made the first installment payment of RMB20.0 million on August 17, 2010, and the second and last installment payment of RMB55.0 million on September 7, 2010. Shanghai Kangyi Property Development Co., Ltd. held the land use rights of two parcels of land in Pudong New Area Shanghai: one parcel occupies a total area of 1,318 sq.m., and the other parcel occupies a total area of 5,500 sq.m. The total GFA area of the two parcels is 28,624 sq.m., translating into an average GFA cost of RMB2,620 per sq.m. We hold the project for investment purposes and we have started leasing the property out at the end of 2014. It is being developed by Shanghai Kangyi Real Estate Development Co., Ltd. and we wholly own the project.

Yuzhou Commercial Plaza (禹洲•商業廣場)



Yuzhou Commercial Plaza is a retail and office complex located in Nanhui Industrial Park (南匯工業區) of Pudong New Area (浦東新區).

On June 2, 2010, we acquired the entire interest in Xiersi, the owner of such land, for RMB261.5 million. The acquisition was done through Shanghai Yuejiang Realty Co., Ltd. (now “Shanghai Yuzhou Real Estate Investment Co., Ltd.”), our wholly-owned subsidiary, and pursuant to two equity transfer agreements with the stockholders of Xiersi, both independent third parties. We completed the acquisition on September 8, 2010.

We developed the site into a large-scale shopping center with an aggregate planned GFA of approximately 123,413 sq.m., translating into an average GFA cost of RMB2,119 per sq.m. The project was developed by Shanghai Yuzhou Real Estate Development Co., Ltd. and we wholly own the project. We retain a GFA of 25,851 sq.m. for investment purposes.

Yuzhou City Plaza (禹洲•城市廣場)



Yuzhou City Plaza (Shanghai) is located at Lin Gang New District (臨港新城) of Shanghai Pudong (浦東), 10-minute walk to MTR station line 16. It comprises high-rise offices, service apartments, commercial units and low-rises.

The project occupies a total site area and total saleable GFA of 50,628 sq.m. and 98,494 sq.m., respectively. We acquired the entire interest of Shanghai Nankai Realty Development Ltd., the owner of such land, for RMB142.3 million in 2010. As of the date of this offering memorandum, all of the residential units had been sold. It is being developed by Shanghai Nankai Realty Development Limited and we wholly own the project. We plan to retain a GFA of 35,277 sq.m. for investment purposes.

Yuzhou Bustling Center (禹洲•老城里)

Yuzhou Bustling Center is located in Shanghai. It has a site area of 55,017 sq.m. and this project occupies a total GFA of 126,540 sq.m. We wholly own the project.

Yuzhou Beautiful Garden Life (禹洲•丁香里)

Yuzhou Beautiful Garden Life Project is located in Shanghai. It has a site area of 31,139 sq.m. and a total GFA of 56,051 sq.m. We developed it into a residential use project.

Yuzhou Noble Mansion (禹洲•雍賢府)

Yuzhou Noble Mansion is located in Shanghai. It has a site area of 109,266 sq.m. and a total GFA of 174,826 sq.m. We developed it into a residential use project. We have obtained the land use rights certificate for this project.

Yuzhou Dongtan Grace Mansion (禹洲•東灘雍禧)

Yuzhou Dongtan Grace Mansion is located in Chongming Island of Shanghai, at Chengong Road of North Chenjiazhen, 30 minutes travelling distance from Pudong New Area. It has a site area of 54,052 sq.m. and a total GFA of 54,593 sq.m. We currently hold a 80% interest of this land. The project has already begun generating contracted sales to the Group. We have obtained the land use rights certificate for this project.

Yuzhou Country (禹洲府)

Yuzhou Country is located in Minhang District, Shanghai. It has a site area of 41,262 sq.m. and a total GFA of approximately of 90,776 sq.m. We currently hold a 40% interest of this project and developed it into a residential use project.

Yuzhou Skyline (禹洲•天境)



Yuzhou Skyline is a residential complex located at the intersection of New Municipal and Cultural Zone, Economic and Technology Development Zone and High and New Technology Development Zone in the city of Hefei (合肥) in Xinnancheng (新南城). The project will be situated in the vicinity of various attractions including Swan Lake (天鵝湖), Hui Yuan (徽園), as well as restaurants, markets, hospitals, schools and business centers. The project received the “Most Valuable Investment Complex Award” (最具投資潛力樓盤獎) in 2008 from the City of Hefei Residential Construction and Real Estate Development Committee (合肥市住宅建設與房地產開發協會),¹ the Xin'an newspaper (新安日報) and the Anhui Spring Real Estate Transaction Conference Committee (安徽春季住宅交易會組委會).² The project was also named “Hefei’s Most Influential Property” and “Best Living Environment Property” by dichan.sina.com.cn, a specialist real estate website, and Sina.com.cn, respectively, in 2010.

We acquired the land for Phase I of the project through acquisition of a then independent third party company. The consideration of the acquisition of the company was RMB28.0 million. We acquired the land for Phases II and III of the project to be developed by Hefei Yuzhou Real Estate Development Co., Ltd. through acquisition of a then independent third party company and the land for Phase II of the project to be developed by Hefei Yuzhou Real Estate Development Co., Ltd. through a government-organized listing-for-sale. The consideration for the acquisition of the independent third party company was RMB22.4 million and the consideration for the acquisition of land through the government-organized listing-for-sale for Phases II and III of the project was RMB254.8 million.

Phase I of the project was developed by Hefei Ludong Real Estate Development Co., Ltd., one of our subsidiaries. Phases II and III of the project were developed by Hefei Kangli Realty Co., Ltd. and Hefei Yuzhou Real Estate Development Co., Ltd., both of which are our subsidiaries.

1 The City of Hefei Residential Construction and Real Estate Development Committee is an organization formed by independent private Hefei real estate entities. It strives to improve the quality and reputation of the Hefei real estate market through collaboration and discussion. It is an independent third party.

2 The Anhui Spring Real Estate Transaction Conference Committee is a committee formed at the Anhui Spring Real Estate Transaction Conference, which is organized by the City of Hefei Residential Construction and Real Estate Development Committee and the Xin'an newspaper. It is an independent third party.

Yuzhou Jade Lakeshire (禹洲•翡翠湖郡)



Yuzhou Jade Lakeshire is located at the Economic and Technology Development Zone in Hefei. We plan to develop it into high-rise residential buildings.

In July 2012, the Group purchased the land at a consideration of RMB505.4 million. The project has a site area of approximately 96,000 sq.m. and a total GFA of 287,934 sq.m. It was developed by Hefei Yuzhou Real Estate Development Co., Ltd..

Yuzhou Town (禹洲城)

Yuzhou Town is located in Hefei, Anhui Province. On May 23, 2014, we successfully bid for a parcel of land in Hefei with a site area of 36,387 sq.m. This project occupies a total GFA of 109,160 sq.m. The consideration for this parcel of land was RMB425.7 million, of which the full amount has been paid. We developed this land into a mixed residential and commercial use project.

Yuzhou Royal Seal (禹洲•天璽)

Yuzhou Royal Seal is located in Hefei, Anhui Province. On December 4, 2013, we successfully bid for a parcel of land in Hefei with a site area of 156,667 sq.m. This project occupies a total GFA of 470,000 sq.m. The consideration for this parcel of land was RMB1,327.8 million of which the full amount has been paid. We developed this land into a large scale residential project.

Yuzhou Central Town (禹洲•中央城)

Yuzhou Central Town is located in Hefei, Anhui Province, at the intersection between Xibengbu Road and Wuliu Road in Xinzhan District. It has a site area of 97,467 sq.m. and a total GFA of approximately 341,135 sq.m. We currently hold a 75% interest in this project and developed it into a mixed residential and commercial use project.

Yuzhou Sky Aqua Mall (禹洲•天河茂)

Yuzhou Sky Aqua Mall is located in Hefei, Anhui Province. It has a site area of 49,126 sq.m. and a total GFA of approximately of 144,923 sq.m. We developed it into a mixed residential and commercial use project.

Yuzhou Prince Lakeshire (禹洲•龍子湖郡)

Yuzhou Prince Lakeshire is located in the interchange of Longhu West Road and Gongyuan South Road, Economic Development Zone of Bengbu. It has a site area of 199,067 sq.m. and a total GFA of 988,714 sq.m. We currently hold a 100% interest in this project and developed it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou The Jiqing (禹洲•吉慶里)

Yuzhou The Jiqing is located in Nanjing, Jiangsu Province. In November 2014, we successfully bid for a parcel of land in Nanjing with a site area of 41,494 sq.m. The consideration for this parcel of land was RMB1,880.0 million, of which the full amount has been paid. This project has a total saleable GFA of approximately 112,865 sq.m.

Yuzhou Moon Riverside (禹洲•映月溪山)

Yuzhou Moon Riverside is located in Nanjing, Jiangsu Province. On November 27, 2015, we successfully bid for a parcel of land in Nanjing with a site area of 17,199 sq.m. The consideration for this parcel of land was RMB420.0 million, of which the full amount has been paid. We developed this land into a residential use project. This project occupies a total GFA of approximately 30,957 sq.m.

Yuzhou Lakeside (禹洲•濱湖里)

Yuzhou Lakeside is located in Nanjing, Jiangsu Province. On December 9, 2015, we successfully bid for a parcel of land in Nanjing with a site area of 52,763 sq.m. The consideration for this parcel of land was RMB425.0 million, of which the full amount has been paid. We developed this land into a mixed residential and commercial use project. This project occupies a total GFA of approximately 122,376 sq.m.

Redsun Yuzhou The Times (禹洲•弘陽時光印象)

Redsun Yuzhou The Times is located in Nanjing, Jiangsu Province. On December 9, 2015, we successfully bid for a parcel of land in Nanjing with a site area of 61,145 sq.m. The consideration for this parcel of land was RMB500.0 million, of which the full amount has been paid. We developed this land into a mixed residential and commercial use project. This project occupies a total GFA of approximately 136,434 sq.m.

Yuzhou Redsun The Spring (禹洲•弘陽時光春曉)

Yuzhou Redsun The Spring is located in the Jiangning District, Nanjing. It has a site area of 32,246 sq.m. and a total GFA of approximately of 64,492 sq.m. We developed it into a mixed residential and commercial use project.

Yuzhou King's Garden (禹洲•金陵銘著)

Yuzhou King's Garden is located in Jiangning District, Nanjing, Jiangsu Province. It has a site area of 28,257 sq.m. and a total GFA of approximately of 79,626 sq.m. We developed it into a mixed residential and commercial use project.

Yuzhou Hechang Golden East (禹洲•和昌金域東方)

Yuzhou Hechang Golden East is located in Jiangning District, Nanjing. It has a site area of 66,267 sq.m. and a total GFA of 132,534 sq.m. We currently hold a 8% interest of this project and developed it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Honor Hill (禹洲•嘉譽山)

Yuzhou Honor Hill is located in Gaoxin District, Suzhou, Jiangsu Province. It has a site area of approximately 100,839 sq.m. and a total GFA of approximately 221,847 sq.m. We developed it into a residential use project. We currently hold a 100% interest in the project. We have obtained the land use rights certificate for this project.

Yuzhou Honor Promenade (禹洲•嘉譽風華)

Yuzhou Honor Promenade is located in the South of Taiyang Road, West of Yaoche River of Wangting Zhen, Suzhou. It has a site area of 32,339 sq.m. and a total GFA of 51,742 sq.m. We currently hold a 66% interest of this project and developed it into a residential project. We have obtained the land use rights certificate for this project.

Yuzhou Honor Galaxy (禹洲•嘉譽星島)

Yuzhou Honor Galaxy is in Xiangcheng District, Suzhou, Jiangsu Province. It is located in the east of Yuting Fazhi Wenhua Park, south of Wangting Commercial Plaza, with a site area of 29,141 sq.m. and a total GFA of 58,282 sq.m. We have obtained the land use rights certificate for this parcel of land.

Yuzhou Royal Lakeshire (禹洲•御湖郡)

Yuzhou Royal Lakeshire is located in the Tuanbo area in Tianjin. We plan to develop it into one or more upscale residential projects. On September 17, 2010, we successfully bid for two parcels of land in Tianjin through public auction. We agreed to pay an aggregate consideration of RMB160.8 million and we have paid a total of RMB52.9 million to date. Originally, the project was expected to occupy a total site area of 126,027 sq.m. and a total GFA of 179,450 sq.m. We entered into a land exchange agreement and an agreement with the local government on December 26, 2011 and July 20, 2012, respectively, to exchange the two parcels of land for one parcel of land located in a more upscale district in the Tuanbo area. The total consideration for the new parcel of land is RMB139 million, which we have already paid in full. On March 27, 2012, we completed the relevant procedures for transferring to the local government the two parcels of land subject to the land exchange. On July 27, 2012, we acquired the exchanged parcel of land from the local government. The project has a total site area of 109,090 sq.m. and a total GFA of 130,908 sq.m. As of the date of this offering memorandum, all of the GFA of the residential units has been sold. We wholly owned the project.

Yuzhou Palace Mansion (禹洲•尊府)



Yuzhou Palace Mansion comprises 34 blocks of high-rise residential buildings, with heights not higher than 100 meters. It is located adjacent to Tianjin South Station of Beijing-Shanghai Express Railway (京滬高鐵天津南站), and next to the Tuanbo Lake (團泊湖) with green coverage ratio of 40% with a classical Chinese garden design.

In September and October 2010, the Group acquired the land through public auction at a total consideration of approximately RMB339 million. The project occupies a total site area and total saleable GFA of 135,173 sq.m. and 319,748 sq.m., respectively. It is being developed by Tianjin Yuzhou Jinhai Real Estate Investment Co., Ltd. and we wholly own the project.

Yuzhou Joy Mansion (禹洲•悅府)

Yuzhou Joy Mansion is located in Binhai New District, Tianjin. It has a site area of approximately 42,387 sq.m. and a total GFA of approximately 76,296 sq.m.. We currently hold a 49% interest in this project and developed it into a residential use project.

Yuzhou Lianfa Red Shire (禹洲•聯發紅郡)

Yuzhou Lianfa Red Shire is located in Xiqing District, Tianjin. It has a sit area of 90,756 sq.m. and a total GFA of 99,332 sq.m. We developed this project into a mixed residential and commercial use project. We currently hold a 40% interest in the project.

Yuzhou Plaza (禹洲廣場)

Yuzhou Plaza is located in Hunnan District of Shenyang. It has a total GFA of 177,609 sq.m. We developed it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Lingjiao River No. One (禹洲•菱角湖一號)

Yuzhou Lingjiao River No. One is located in Jiangnan District of Wuhan. It has a total GFA of 72,119 sq.m. We currently hold a 100% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Silo City (禹洲•賽洛城)

Yuzhou Silo City is located in Dongxi Lake District of Wuhan. It has a total GFA of 195,067 sq.m. We developed it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Coastal Garden (禹洲•沿海馨庭)

Yuzhou Coastal Garden is located in Chancheng District of Foshan. It has a total GFA of 23,849 sq.m. We developed it into a commercial project. We have obtained the land use rights certificate for this project.

Projects under Development

Yuzhou Chunjiang Central (禹洲•春江酈城)

Yuzhou Chunjiang Central is located in Xiamen, Fujian Province. On January 16, 2015, we successfully bid for a parcel of land in Xiamen with a site area of 70,109 sq.m. The consideration for this parcel of land was RMB2,740.0 million, of which the full amount has been paid. We intend to develop this land into a mixed residential and commercial use project. This project is expected to have a total saleable GFA of approximately 305,160 sq.m. We currently hold a 51% interest in the land.

Yuzhou Jingyue City (禹洲•環閩城)

Yuzhou Jingyue City is located in Xiamen, Fujian Province. On August 26, 2016, we successfully bid for a parcel of land in Xiamen with a site area of approximately 42,656 sq.m. The consideration for this parcel of land was RMB2,800 million, of which the full amount has been paid. We intend to develop this land into a mixed residential and commercial use project. This project is expected to have a total saleable GFA of approximately 85,300 sq.m. We have obtained the land use rights certificate for this parcel of land. We currently hold a 51% interest in the land.

Yuzhou East Coast Langham (禹洲•東岸朗廷)

Yuzhou East Coast Langham is located in core region of Tong'an New Town of Xiamen, east of Binhai West Avenue, west of Binhai Lvyou Road. It has a site area of 54,164 sq.m. and GFA of 168,354 sq.m. We currently hold a 33% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Xiamen Yuzhou Xiang'an Project (廈門禹洲•翔安項目)

Xiamen Yuzhou Xiang'an Project is located in Xiamen, Fujian Province. On December 12, 2013, we successfully bid for another parcel of land in Xiamen with a site area of 8,264 sq.m. The consideration for this parcel of land was RMB269.1 million, of which the full amount has been paid. We intend to develop this land into a commercial complex. This project is expected to have a total saleable GFA of approximately 89,300 sq.m. We have obtained the land use rights certificate for this project.

Yuzhou City Plaza (禹洲•城市廣場)



Yuzhou City Plaza Phase I (Quanzhou) is situated at the prime location of Huian, Quanzhou (泉州市惠安縣) with convenient transportation network, wonderful surrounding and well-established facilities. It was designed into the most representative large scale city integrated project in Huian comprising residential, commercial, office, leisure, entertainment and cultural projects.

In May 2011, we entered into three land grant contracts with the local PRC government. The consideration for this project is RMB534 million. The project is expected to occupy a total site area and total saleable GFA of 428,188 sq.m. and 1,678,286 sq.m., respectively. It is being developed by Yuzhou Properties (Quanzhou) Co., Ltd. under primary and secondary mode, and we wholly own the project.

Yuzhou Honor Mansion (禹洲•嘉譽府)

Yuzhou Honor Mansion is located in Guanqiao Town, Anxi County, Southern New District, Quanzhou. It has a site area of 56,146 sq.m. and GFA of 140,365 sq.m. We currently hold a 100% interest of this land and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Yuzhou Honor Promenade (禹洲•嘉譽風華)

Yuzhou Honor Promenade is located in Xiamei Town, in the east of Nanan District of Quanzhou. It has a site area of 17,473 sq.m. and GFA of 52,419 sq.m. We currently hold a 100% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Royale The Bay (禹洲•雍禧瀾灣)

Yuzhou Royale The Bay is located in Zhangzhou. It has a site area of 37,774 sq.m. and GFA of 94,434 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 51% interest in the project.

Yuzhou Yongjiang Mansion (禹洲•雍江府)

Yuzhou Yongjiang Mansion is located in Laocheng District, Zhangzhou. It has a site area of 38,808 sq.m. and GFA of 116,426 sq.m. We currently hold a 40% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Castle above City (禹洲•城上城)

Yuzhou Castle above City is located in Urban District, Zhangzhou. It has a site area of 100,057 sq.m. and GFA of 255,000 sq.m. We wholly own this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Oriental Venice (禹洲•東方威尼斯)

Yuzhou Oriental Venice is located in Cangshan District, Fuzhou. It has a site area of 706,397 sq.m. and GFA of 549,185 sq.m. We wholly own this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Radiance Central Mansion (禹洲•金輝里)

Yuzhou Radiance Central Mansion is located in Cangshan District, Fuzhou. It has a site area of 45,128 sq.m. and GFA of 137,409 sq.m. We currently hold a 66% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Joy Center (禹洲•茂悦中心)

Yuzhou Joy Center is located in south of Aofeng Road, Straits Financial Business Region, Taijiang District, Fuzhou. It has a site area of 11,645 sq.m. and GFA of 37,270 sq.m. We currently hold a 20% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Langham Bay (禹洲•朗廷灣)

Yuzhou Langham Bay is located in Shangjie Town, Fuzhou. It has a site area of 26,557 sq.m. and GFA of 58,491 sq.m. We currently hold a 100% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Resplendent Wonderland (禹洲•璀璨江山)

Yuzhou Resplendent Wonderland is located in Xinzhou Village, Shangjie Town, Fuzhou. It has a site area of 30,423 sq.m. and GFA of 106,480 sq.m. We currently hold a 35% interest of this land and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Yuzhou Jinmao Residence (禹洲•金茂悦)

Yuzhou Jinmao Residence is located in Huaxin Town, Qingpu District, Shanghai. It has a site area of 35,377 sq.m. We intend to develop this land into a mixed residential and commercial use project. This project is expected to have a total saleable GFA of approximately of 63,682 sq.m. We currently hold a 49% interest in the project.

Yuzhou Luxury Mansion (禹洲•雍錦府)

Yuzhou Luxury Mansion is located in Fengxian District, Shanghai. It has a site area of 56,048 sq.m and a total GFA of 123,306 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 100% interest in the project.

Yuzhou Modern Mansion (禹洲•酩悦都會)

Yuzhou Modern Mansion is located in Nanqiao Town, Fengxian District, Shanghai. It has a site area of 50,350 sq.m. and a total GFA of approximately of 80,560 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 50% interest in the project.

Yuzhou Jinmao Langpark (禹洲•金茂郎苑)

Yuzhou Jinmao Langpark is located in Qingpu District, Shanghai. It has a site area of 45,243 sq.m and a total GFA of 81,437 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 51% interest in the project.

Yuzhou Central Plaza (禹洲•中央廣場)

Yuzhou Central Plaza is located in Hefei, Anhui Province. In February 2013, we entered into a land grant contract with the Bureau of Land and Resources of Feidong County(肥東縣國土資源局) for the acquisition of a parcel of land with a site area of 279,535 sq.m. in the “141” Urban Development Strategy area in Hefei. We intend to develop land into a mix-use complex consisting of residential apartments, a hotel and retail space. This project is expected to have a total saleable GFA of approximately 918,698 sq.m.

Yuzhou Langxi Community (禹洲•郎溪上里)

Yuzhou Langxi Community is located in Hefei, Anhui Province. On April 28, 2016, we successfully bid for a parcel of land in Hefei with a site area of 93,956 sq.m. The consideration for this parcel of land was RMB 2,388.8 million, of which the full amount has been paid. We intend to develop this land into a mixed residential and commercial use project. This project is expected to have a total saleable GFA of approximately of 234,889 sq.m. We currently hold a 100% interest in the project.

Yuzhou Jade Green Bay (禹洲•瓏玥灣)

Yuzhou Jade Green Bay Project is located in Hefei, Anhui Province. On April 28, 2016, we successfully bid for a parcel of land in Hefei with a site area of 23,705 sq.m. The consideration for this parcel of land was RMB 718.3 million, of which the full amount has been paid. We intend to develop this land into a mixed residential and commercial use project. This project is expected to have a total saleable GFA of approximately of 59,263 sq.m. We currently hold a 100% interest in the project.

Yuzhou Galaxy Park (禹洲•銀河Park)

Yuzhou Galaxy Park is located in Hefei, Anhui Province. On April 28, 2016, we successfully bid for a parcel of land in Hefei with a site area of 119,023 sq.m. The consideration for this parcel of land was RMB1,821.1 million, of which the full amount has been paid. We intend to develop this land into a mixed residential and commercial use project. This project is expected to have a total saleable GFA of approximately of 357,069 sq.m. We currently hold a 100% interest in this project. We have obtained the land use rights certificate for this parcel of land.

Yuzhou Moon Lake Mansion (禹洲•平湖秋月)

Yuzhou Moon Lake Mansion is located in Hefei, Anhui Province. On June 29, 2016, we successfully bid for a parcel of land in Hefei with a site area of 56,114 sq.m. The consideration for this parcel of land was RMB1,119.5 million, of which the full amount has been paid. We intend to develop this land into a mixed residential and commercial use project. This project is expected to have a total saleable GFA of approximately of 100,981 sq.m. We currently hold a 36% interest in this project.

Yuzhou Academical Spring (禹洲•學林春曉)

Yuzhou Academical Spring is located in north of Xuelin road, east of Zhangheng Road, High-tech Zone, Hefei. It has a site area of 86,012 sq.m. and GFA of 154,822 sq.m. We currently hold a 33% interest of this land and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Yuzhou Honor Mansion (禹洲•雍榮府)

Yuzhou Honor Mansion is located in Baohe District, Hefei, Anhui Province. It has a site area of 117,428 sq.m. and a total GFA of approximately of 224,188 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 34% interest in the project.

Yuzhou Greentown Orchid Garden (禹洲•綠城蘭園)

Yuzhou Greentown Orchid Garden is located in Binhu New District, Hefei, Anhui. It has a site area of 102,047 sq.m and a total GFA of 222,463 sq.m. We intend to develop this land into a residential project. We currently hold a 50% interest in the project.

Yuzhou Times Life Hight (禹洲•時代領峯)

Yuzhou Times Life Hight is located in Baohe District, Hefei, Anhui. It has a site area of 122,634 sq.m and a total GFA of 244,445 sq.m. We intend to develop this land into a residential project. We currently hold a 40% interest in the project.

Yuzhou The Splendid Era (禹洲•錦繡首璽)

Yuzhou The Splendid Era is located in Binhu New District, Hefei, Anhui. It has a site area of 49,268 sq.m and a total GFA of 103,370 sq.m. We intend to develop this land into a residential project. We currently hold a 40% interest in the project.

Yuzhou Champion Mansion (禹洲•名邦狀元府)

Yuzhou Champion Mansion is located in the south of Longshan Road, the east of Tianjingong Road and the north of Jinxiu Avenue, Bozhou, Anhui Province. It has a site area of 63,011 sq.m. and GFA of 113,400 sq.m. We currently hold a 50% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Honor Galaxy (禹洲•嘉善星島)

Yuzhou Honor Galaxy is located in Nanjing, Jiangsu Province. On January 29, 2016, we successfully bid for a parcel of land in Nanjing with a site area of 14,221 sq.m. The consideration for this parcel of land was RMB710.0 million, of which the full amount has been paid. We intend to develop this land into a mixed residential and commercial use project. This project is expected to have a total saleable GFA of approximately 61,152 sq.m. We have obtained the land use rights certificate and the required construction works commencement permits for this project.

Yuzhou Jinling Langham (禹洲•金陵朗廷)

Yuzhou Jinling Langham is in Nanjing, Jiangsu Province. It is located in the southwest of Jurong City, with a site area of 94,667 sq.m. and GFA of 182,307 sq.m. We currently hold a 73% interest in this project. We have obtained the land use rights certificate for this parcel of land.

Yuzhou Cofco Metropolitan 09 (禹洲•中糧都會09)

Yuzhou Cofco Metropolitan 09 is in Nanjing, Jiangsu Province. It is located in the east of Zhongning North Road, south of Lishui airport, with a site area of 37,798 sq.m. and GFA of 83,157 sq.m. We currently hold a 51% interest in this project. We have obtained the land use rights certificate for this parcel of land.

Yuzhou Ping Lake Mansion (禹洲•平瀾府)

Yuzhou Ping Lake Mansion is located in the interchange of Hubin Avenue and Lizhi Road, Chunxi Street, Gaochun District of Nanjing. It has a site area of 102,787 sq.m. and GFA of 143,901 sq.m. We currently hold a 30% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Ease Mansion (禹洲•金茂逸墅)

Yuzhou Ease Mansion is located in the interchange of Shuiyangjiang Road and Beiling Road, Chunxi Street, Gaochun District of Nanjing. It has a site area of 188,420 sq.m. and GFA of 266,923 sq.m. We currently hold a 51% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou C&D Center Manor (禹洲•建發央譽)

Yuzhou C&D Center Manor is located in the Chennan Plate of Lishui District, Nanjing, in the east of Zhongling Road, west of Xuelidong Road, south of Xingzhuang Road, north of Gaoping Street. It has a site area of 73,277 sq.m. and GFA of 146,554 sq.m. We currently hold a 20% interest of this land and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Yuzhou Upper East Side Garden (禹洲•上東逸境)

Yuzhou Upper East Side Garden is located in Jiangning District, Nanjing, Jiangsu. It has a site area of 24,200 sq.m and a total GFA of 60,500 sq.m. We intend to develop this land into a residential project. We currently hold a 40% interest in the project.

Yuzhou Lakeside Langham (禹洲•鸞湖朗廷)

Yuzhou Lakeside Langham is located in planned land plot of Hot Spring Town, Pan'an Lake district, Xuzhou. It has a site area of 127,243 sq.m. and GFA of 203,588 sq.m. We currently hold a 70% interest of this land and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Yuzhou Zhaoshang The Absolute (禹洲•招商拾鯉花園)

Yuzhou Zhaoshang The Absolute is located in Xiangcheng District, Suzhou, Jiangsu Province. It has a site area of approximately 128,313 sq.m. and a total GFA of approximately 230,963 sq.m. We currently hold a 20% interest in this project. We intend to develop this land into a mixed residential and commercial use project.

Yuzhou Royale Aqua Mansion (禹洲•雍澤府)

Yuzhou Royale Aqua Mansion is in Wujiang District, Suzhou, Jiangsu Province. It is located in the east of Tianqiandang Green Area, north of Huxi Second Road, West City of Shengze Town, Wujiang District with a site area of 63,504 sq.m. and a total GFA of 66,679 sq.m. We currently hold a 51% interest of the project. We have obtained the land use rights certificate for this parcel of land.

Yuzhou Blue Seasons (禹洲•蔚藍四季)

Yuzhou Blue Seasons is located in Wuzhong District of Suzhou, in the north of Kuaixiangda Road, east of Xiangshanbei Road. It has a site area of 173,253 sq.m. and a total GFA of 346,506 sq.m. We currently hold a 33% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Metropolitan Lights (禹洲•都會之光)

Yuzhou Metropolitan Lights is located in Gaoxin District of Taicang, in the east of Loujiang Road, north of Luoyang Road, Suzhou. It has a site area of 52,932 sq.m. and a total GFA of 111,158 sq.m. We intend to develop it into a residential project. We currently hold a 23% interest of this land. We have obtained the land use rights certificate for this project.

Yuzhou Royal Mansion (禹洲•運河與岸)

Yuzhou Royal Mansion is located in Hushuguan Old Town, Gaoxin District of Suzhou. It has a site area of 42,481 sq.m. and a total GFA of 76,466 sq.m. We currently hold a 20% interest of this land and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Yuzhou Rocker Park (禹洲•洛克公園)

Yuzhou Rocker Park is located in Hushuguan Old Town, Gaoxin District of Suzhou. It has a site area of 100,887 sq.m. and a total GFA of 201,774 sq.m. We currently hold a 19% interest of this land and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Yuzhou Oak Manor (禹洲•橡樹瀾灣)

Yuzhou Oak Manor is located in Changshu, Suzhou, Jiangsu. It has a site area of 100,384 sq.m and a total GFA of 220,845 sq.m. We intend to develop this land into a residential project. We currently hold a 50% interest in the project.

Yuzhou Park Land (禹洲•公元九里)

Yuzhou Park Land is located in Xinwu District, Wuxi, Jiangsu. It has a site area of 108,075 sq.m and a total GFA of 237,600 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 50% interest in the project.

Yuzhou Honor Promenade (禹洲•嘉譽風華)

Yuzhou Honor Promenade is located in the south of Jiulanghu Road and the north of Longfeng Road, Hanjiang District, Yangzhou, Jiangsu Province. It has a site area of 80,100 sq.m. and GFA of 174,100 sq.m. We currently hold a 40% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Presidential Palace (禹洲•國賓府)

Yuzhou Presidential Palace is located in Economic Development Zone, Yangzhou, Jiangsu. It has a site area of 57,735 sq.m and a total GFA of 103,923 sq.m. We intend to develop this land into a residential project. We currently hold a 40% interest in the project.

Yuzhou Polaris Mansion (禹洲•國宸府)

Yuzhou Polaris Mansion is located in Hangzhou, Zhejiang Province. It has a site area of 98,261 sq.m. We intend to develop this land into a mixed residential and commercial use project. This project is expected to have a total saleable GFA of approximately of 275,131 sq.m. We currently hold a 23% interest in the project.

Yuzhou Lakeside Langham (禹洲•泊朗廷)

Yuzhou Lakeside Langham is in Hangzhou, Zhejiang Province. It is located in the south of Tonghui South Road, Wocheng Area of the South Xiaoshan District, with a site area of 53,489 sq.m. and GFA of 149,769 sq.m. We have obtained the land use rights certificate for this parcel of land.

Yuzhou Luna Sea Mansion (禹洲•海西明月府)

Yuzhou Luna Sea Mansion Project is located in Haishu District, Ningbo, Zhejiang. It has a site area of 16,558 sq.m and a total GFA of 35,428 sq.m. We intend to develop this land into a residential project. We currently hold a 100% interest in the project.

Yuzhou Majestic Mansion (禹洲•金宸府)

Yuzhou Majestic Mansion is located in the south of Dacheng middle College and the west of Qiandao Road, Zhoushan, Zhejiang Province. It has a site area of 109,563 sq.m. and a total GFA of 230,471 sq.m. We currently hold a 50% interest of this land and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Yuzhou Future Everbright (禹洲•新城晟昱)

Yuzhou Future Everbright is located in the east of Zhongshan Road and the south of Yuequan Road, Jinhua, Zhejiang Province. It has a site area of 61,030 sq.m. and a total GFA of 122,060 sq.m. We currently hold a 17% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Mansion (禹洲府)

Yuzhou Mansion is located in Huhaitang Sector, Huwucheng District, Jinhua. It has a site area of 31,033 sq.m. and a total GFA of 55,860 sq.m. We currently hold a 49% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Langham Bay (禹洲•朗廷灣)

Yuzhou Langham Bay is located in Tongzhou District, Beijing. It has a site area of 51,249 sq.m. We intend to develop this land into a mixed residential and commercial use project. This project is expected to have a total saleable GFA of approximately of 78,434 sq.m. We currently hold a 49% interest in the project.

Yuzhou Blissed Mansion (禹洲•雲著花園)

Yuzhou Blissed Mansion is located in Jinnan District of Tianjin, west of North Gate College of North Gate Town. It has a site area of 62,024 sq.m. and a total GFA of 74,429 sq.m. We currently hold a 40% interest of this land and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Yuzhou Poetic Dwelling (禹洲•御江臺)

Yuzhou Poetic Dwelling is located in Hexi District, Tianjin. It has a site area of 45,791 sq.m and a total GFA of 81,832 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 33% interest in the project.

Yuzhou Fengnan New Town (禹洲•豐南新城)

Yuzhou Fengnan New Town is located in Tangshan, Hebei Province. The project is located in the Fengnan West Region, with site area of 213,610 sq.m. and a total GFA of 608,789 sq.m. We currently hold a 90% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Phoenix Mansion (禹洲•鳳凰府)

Yuzhou Phoenix Mansion is located in Lubei District, Tangshan, Hebei Province. It has a site area of 65,088 sq.m. and a total GFA of approximately of 162,720 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 51% interest in the project.

Yuzhou Art Wonderland (禹洲•金地江山藝境)

Yuzhou Art Wonderland is in Huangdao District of Qingdao, in the east of Jiangshannan Road, north of Guihua Road. It has a site area of 36,386 sq.m. and a total GFA of 72,772 sq.m. We currently hold a 50% interest of this land and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Yuzhou Langham Mansion (禹洲•朗廷府)

Yuzhou Langham Mansion is located in Qingdao, Shandong Province. It has a site area of 97,953 sq.m. and a total GFA of approximately of 156,724 sq.m. We currently hold a 100% interest in the project. We intend to develop this land into a mixed residential and commercial use project.

Yuzhou Langham Bay (禹洲•朗廷灣)

Yuzhou Langham Bay is located in Huangdao District, Qingdao. It has a site area of 21,044 sq.m. and a total GFA of 73,654 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 100% interest in this project.

Yuzhou Langham City Land (禹洲•朗廷元著)

Yuzhou Langham City Land is located in Wuhan, Hubei Province. It has a total site area of approximately 168,617 sq.m. and a total GFA of approximately 598,179 sq.m. We intend to develop it into residential and commercial buildings. We currently hold a 100% interest of this project. We have obtained the land use rights certificate for this parcel of land.

Yuzhou Honor Promenade (禹洲•嘉譽風華)

Yuzhou Honor Promenade is located in Xingyang, Zhengzhou, Henan. It has a site area of 48,412 sq.m. and a total GFA of 121,029 sq.m. We intend to develop this land into a residential project. We currently hold a 100% interest in the project.

Yuzhou Honor Century (禹洲•嘉譽公元)

Yuzhou Honor Century is located in Xinxiang of Zhengzhou, in the north of Pingyuan Road, south of Wei River. It has a site area of 51,674 sq.m. and a total GFA of 258,370 sq.m. We currently hold a 51% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Honor Mansion (禹洲•嘉譽府)

Yuzhou Honor Mansion is located in Kaifeng, Henan Province. It has a site area of 89,138 sq.m. and a total GFA of approximately of 222,844 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 90% interest in the project.

Yuzhou Upper Central (禹洲•堅道項目)

Yuzhou Upper Central is located in Hong Kong. It has a site area of 278 sq.m. and a total GFA of 2,214 sq.m. We currently hold a 100% interest of this project and intend to develop into a residential project.

Yuzhou Wujing The Scenery (禹洲•五經山水大觀)

Yuzhou Wujing The Scenery is located at the Zhongkai Area, Huicheng District, Huizhou, Guangdong Province. It has a site area of 62,173 sq.m. and a total GFA of 243,107 sq.m. We currently hold a 55% interest of this project and intend to develop into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Langham Bay (禹洲•朗廷灣)

Yuzhou Langham Bay is located in Leliu Town, Shunde District, Foshan. It has a site area of 110,378 sq.m. and a total GFA of approximately of 306,217 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 100% interest in the project.

Yuzhou Langorchil (禹洲•朗悦)

Yuzhou Langorchil is located in Leping Town, Sanshui District, Foshan. It has a site area of 34,559 sq.m. and a total GFA of approximately of 93,308 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 100% interest in the project.

Yuzhou Langshine Mansion (禹洲•朗晴苑)

Yuzhou Langshine Mansion is located in Gaoming District, Foshan, Guangdong. It has a site area of 26,578 sq.m and a total GFA of 66,444 sq.m. We intend to develop this land into a residential project. We currently hold a 49% interest in the project.

Yuzhou Sunrises (禹洲•曦悦)

Yuzhou Sunrises is located in Chancheng District, Foshan, Guangdong. It has a site area of 22,432 sq.m and a total GFA of 56,080 sq.m. We intend to develop this land into a residential project. We currently hold a 51% interest in the project.

Yuzhou Lang Garden (禹洲•朗景花園)

Yuzhou Lang Garden is located in Deneng Lake Park, Torch Development Zone, Zhongshan. It has a site area of 90,501 sq.m. and a total GFA of 271,502 sq.m. We currently hold a 28% interest of this land and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Yuzhou Redsun Joy Mansion (禹洲•弘陽昕悦府)

Yuzhou Redsun Joy Mansion is located in Bishan District of Chongqing, in the west of the University Area of Shapingbai District. It has a site area of 14,785 sq.m. and a total GFA of 53,816 sq.m. We currently hold a 51% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Yuzhou Luxury Mansion (禹洲•雍錦府)

Yuzhou Luxury Mansion is located near Ziyuntai of Long Lake, Beibei District of Chongqing, with only 3km from the Beibei New District. It has a site area of 194,489 sq.m. and a total GFA of 250,970 sq.m. We currently hold a 100% interest of this land and intend to develop it into a residential project. We have obtained the land use rights certificate for this project.

Yuzhou Langham Mansion (禹洲•朗廷雅築)

Yuzhou Langham Mansion is located in Liangjiang New District of Chongqing, in the west of Konggang Avenue. It has a site area of 200,568 sq.m. and a total GFA of 387,677 sq.m. We currently hold a 49% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Projects Held for Future Development and Potential Projects

Xiamen Yuzhou Tong'an Project (廈門禹洲•同安項目)

Xiamen Yuzhou Tong'an Project is located in Xiamen, Fujian Province. It is located in east of Binhai West Road, west of Binhai Lvyou Road, core area of Huandong Hai City of Tong'an District, with a site area of 18,830 sq.m. and a total GFA of 42,800 sq.m. We currently hold 51% interest in this project. We have obtained the land use rights certificate for this parcel of land.

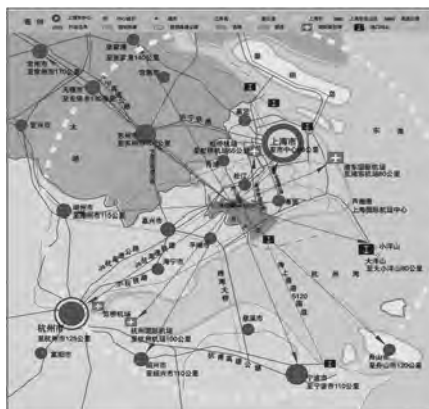
Zhangzhou Yuzhou Zhongpu Project (漳州禹洲•漳浦項目)

Zhangzhou Yuzhou Zhongpu Project is located in Xiban Cun, Guanxun Town of Zhangpu County, Zhangzhou. It has a site area of 531,336 sq.m. and a total GFA of 563,881 sq.m. We currently hold a 19% interest of this project. We intend to develop it into a residential and commercial project. We have not yet obtained the land use rights certificate for this project.

Fuzhou Yuzhou Cangshan Project (福州禹洲•倉山項目)

Fuzhou Yuzhou Cangshan Project is located in Cangshan District, Fuzhou, Fujian. It has a site area of 38,232 sq.m and a total GFA of 85,257 sq.m. We intend to develop this land into a residential project. We currently hold a 31% interest in the project.

Shanghai Yuzhou Jinshan Project (上海禹洲•金山項目)



Shanghai Yuzhou Jinshan Project is located in Zhujing Town, Jinshan District in Shanghai. We plan to develop it into a mixed-use complex consisting of residential apartments and retail space.

On March 21, 2011, the Group purchased the land at a consideration of RMB280.0 million. The project is expected to have a site area of 174,814 sq.m. and a total GFA of 211,418 sq.m. It will be developed by Shanghai Jinyue Real Estate Development Co., Ltd. and we wholly own the project. We have obtained the land use rights certificate for this project.

Shanghai Yuzhou Fengxian Project (上海禹洲•奉賢項目)

Shanghai Yuzhou Fengxian Project is located in Jinhui Town, Fengxian District, Shanghai. It has a site area of 29,912 sq.m. and GFA of approximately of 65,807 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 100% interest in the project.

Hefei Yuzhou Feixi Project (合肥禹洲•肥西項目)

Fuzhou Yuzhou Cangshan Project is located in Feixi District, Hefei, Anhui. It has a site area of 107,147 sq.m and a total GFA of 144,249 sq.m. We intend to develop this land into a residential project. We currently hold a 51% interest in the project.

Yuzhou Mountain FairyLand (禹洲•樾山林語)

Yuzhou Mountain FairyLand is located in Jiangning District, Nanjing, Jiangsu. It has a site area of 62,503 sq.m and a total GFA of 81,254 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 21% interest in the project.

Yangzhou Yuzhou Jiangdu Project (揚州禹洲•江都項目)

Yangzhou Yuzhou Jiangdu Project is located in Jiangdu District, Yangzhou, Jiangsu. It has a site area of 150,266 sq.m and a total GFA of 270,479 sq.m. We intend to develop this land into a residential project. We currently hold a 40% interest in the project.

Hangzhou Yuzhou Gongshu Project (杭州禹洲•拱墅項目)

Hangzhou Yuzhou Gongshu Project is located in Xiangfu Town, Gongshu District, Hangzhou, Zhejiang Province. It has a site area of 75,068 sq.m. and a total GFA of approximately of 187,670 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 50% interest in the project.

Tianjin Yuzhou 07 Project (天津禹洲•07項目)

Tianjin Yuzhou 07 Project is in Tianjin. It is located in the north of Yuhui Road, west of Xiying Road, North Gate Town of Jinnan District, with a site area of 45,437 sq.m. and GFA of 54,524 sq.m. We currently hold a 42% interest of the project. We have obtained the land use rights certificate for this parcel of land.

Tianjin Yuzhou 08 Project (天津禹洲•08項目)

Tianjin Yuzhou 08 Project is in Tianjin. It is located in the north of Yuhui Road, west of Dongying Road, North Gate Town of Jinnan District, with a site area of 79,346 sq.m. and GFA of 95,215 sq.m. We currently hold a 20% interest of this project. We have obtained the land use rights certificate for this parcel of land.

Tianjin Yuzhou Beichen Project (天津禹洲•北辰項目)

Tianjin Yuzhou Beichen Project is located in Beichen District of Tianjin. It has a site area of 739,251 sq.m. and GFA of 703,997 sq.m. We currently hold a 30% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Tianjing Yuzhou Beicang Project (天津禹洲•北倉項目)

Tianjing Yuzhou Beicang Project is located in Beichen District, Tianjin. It has a site area of 136,749 sq.m and a total GFA of 292,003 sq.m. We intend to develop this land into a residential project. We currently hold a 30% interest in the project.

Tangshan Yuzhou Qinglong Lake Project (唐山禹洲•青龍湖項目)

Tangshan Yuzhou Qinglong Lake Project is located in Lubei District, Tangshan, Tianjin. It has a site area of 10,139 sq.m and a total GFA of 20,278 sq.m. We intend to develop this land into a residential project. We currently hold a 51% interest in the project.

Qingdao Yuzhou Binhai Avenue Project (青島禹洲•濱海大道項目)

Qingdao Yuzhou Binhai Avenue Project is located in Huangdao District, Qingdao, Shandong. It has a site area of 14,077 sq.m and a total GFA of 95,170 sq.m. We intend to develop this land into a residential project. We currently hold a 49% interest in the project.

Shenyang Yuzhou Sujiatun Project (瀋陽禹洲•蘇家屯項目)

Shenyang Yuzhou Sujiatun Project is located in Sujiatun District of Shenyang. It has a site area of 1,250,000 sq.m. and GFA of 949,932 sq.m. We currently hold a 100% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Beijing Yuzhou Beishi Project (北京禹洲•北實項目)

Beijing Yuzhou Beishi Project is located in Chaoyang District of Beijing, next to the China World Trade Center. It has a site area of 8,600 sq.m. and GFA of 39,000 sq.m. We currently hold a 65% interest of this land and intend to develop it into a residential and commercial project. We have not obtained the land use rights certificate for this project.

Shijiazhuang Yuzhou Xinhua Project (石家莊禹洲•新華項目)

Shijiazhuang Yuzhou Xinhua Project is located in Xinhua District, Shijiazhuang, Hebei. It has a site area of 18,075 sq.m and a total GFA of 41,572 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 80% interest in the project.

Huizhou Yuzhou Dongrun Project (惠州禹洲•東潤項目)

Yuzhou Huizhou Dongrun Project is located in the Dongjiang Hi-tech Technology Industrial Park of Huizhou. It has a site area of 70,583 sq.m. and GFA of 223,748 sq.m. We currently hold a 95% interest of this land and intend to develop it into a residential and commercial project. We have obtained the land use rights certificate for this project.

Zhengzhou Yuzhou Xinyang Project (鄭州禹洲•滎陽項目)

Zhengzhou Yuzhou Xinyang Project is located in Xinyang City, Zhengzhou, Henan Province. It has a site area of 46,691 sq.m. and a total GFA of approximately of 116,446 sq.m. We intend to develop this land into a mixed residential and commercial use project. We currently hold a 34% interest in the project.

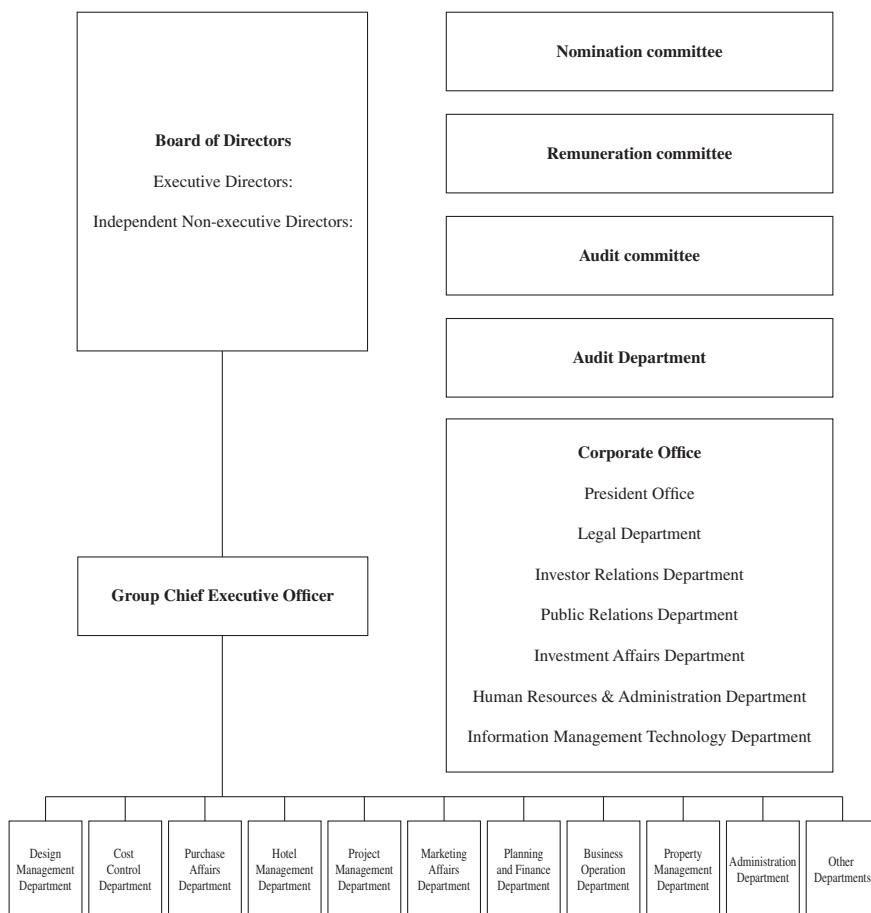
Project Development

Although the nature and sequence of specific planning and execution activities will vary among projects, we have summarized below the core elements of our typical project development process for our residential and commercial properties for sale:

Land acquisition	Project planning and preliminary work	Design	Construction	Pre-sales and sales	After sale services
• Site evaluation identification	• In-depth market analysis	• Schematic design	• Contractor selection	• Pre-sale permit application	• Property management
• Market analysis	• Product positioning	• Structural design	• Procurement of supplies	• Marketing to existing and potential customers	• Residential activities
• Feasibility study	• Develop plan design	• Construction design	• Construction supervision	• Sales and sales management	• Customer services
• Land acquisition	• Develop the overall theme and characteristics of design	• Unit design • Drawings • Landscape design • Interior design	• Completion inspection	• Mortgage and registration assistance • Delivery of property	• Customer feedback and response • Customer database

Project Management

We have established specialized departments to supervise and manage the major stages of all our property developments. Our Chairman and President, Mr. Lam Lung On, and our senior management team work closely with the head of each of our departments to provide management guidance. We seek to enhance our operating efficiency, optimize our capacities and resources, enhance our negotiating power with suppliers and contractors and facilitate the sharing of resources and expertise among various projects in such areas as design, construction, marketing and sales through this management system. The chart below sets forth our management structure:



Project Selection and Product Positioning

We believe site selection is fundamental to the success of a property development. Therefore, we devote significant management resources to site selection. Prior to purchasing a parcel of land, our Initial Development Department, together with other departments, will conduct market research on the potential demand for a property development on such site, determine the overall market positioning, establish a blueprint of the project design and calculate a target average selling price and gross profit margin for the project. We believe that all these pre-purchase measures help us acquire land prudently and develop our projects with clear market positioning from the beginning.

To date, our focus has been on developments in Xiamen. We typically select sites in districts or neighborhoods that have a well-established infrastructure or that present significant opportunities for growth. We have already expanded to Shanghai, Quanzhou, Longyan, Tianjin, Fuzhou, Hefei, Nanjing, Hong Kong, Hangzhou and Bengbu. The key factors we consider in site selection include:

- government development plans for the relevant site;
- access to the site and availability of infrastructural support;
- purchaser demand for properties in the relevant area;
- existing and potential property developments in the area;
- the convenience of the site, such as proximity to the city center, airport, subway and commercial facilities;
- the surrounding environment, such as natural parks, greenery, lakes and rivers;
- the status of the land use rights with respect to the property that we may have interest to acquire in the secondary market;
- the terms of potential leases, including the potential for rent increases; and
- cost, investment and financial return, including cash flow and capital appreciation, of the potential developments. We intend to continue to seek suitable opportunities in residential property development as they arise, and will continue to be subject to PRC laws and regulations which, among other things, restrict the land that will be made available in the future for residential property developments. Please see “Industry and Regulatory Overview – Regulatory Overview” for more details.

Land Acquisition

The PRC Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (《招標拍賣掛牌出讓國有土地使用權規定》) issued by the PRC Ministry of Land and Resources provide that, from July 1, 2002, state-owned land use rights for the purposes of commercial use, tourism, entertainment and commodity residential property development in the PRC must be granted by the government only through public tender, auction or listing-for-sale. Prior to the effective date of these rules, we obtained most of our land use rights through transfer arrangements with local governments or original grantees of land use rights. We also obtained some of our land use rights by way of tender, auction or listing-for-sale.

When land use rights are granted by way of a tender, an evaluation committee consisting of an odd number of at least five members (including a representative of the grantor and other experts), evaluates and selects the tenders that have been submitted. When deciding to whom to grant land use rights, the relevant authorities consider not only the tender price, but also the credit history and qualifications of the tenderer and its tender proposal. When land use rights are granted by way of an auction, a public auction is held by the relevant local land bureau and the land use rights are granted to the highest bidder. When land use rights are granted by way of listing-for-sale, the relevant local land bureau will announce the conditions for granting the land use rights at designated land transaction centers and the bids are submitted accordingly by the bidders. The land use rights are granted to the bidder submitting the highest bid by the end of the listing-for-sale period. If two or more parties request a competitive bidding, an on-site competitive bidding shall take place and the land use rights are granted to the highest bidder.

Under current regulations, original grantees of land use rights are typically allowed to sell, assign or transfer the land use rights granted to them in secondary markets, provided that (i) the premium for the grant of land use rights must have been paid in full in accordance with the land grant contract and a land use rights certificate must have been obtained; (ii) investment or development have been made or carried in accordance with terms of the land grant contract; (iii) more than 25% of the total amount of investment or development have been made or completed; and (iv) where the investment or development involves a large tract of land, conditions for use of the land for industrial or other construction purposes have been satisfied.

In both government bids and purchases in the secondary market, the purchase price typically includes all expenses required to deliver land use rights, such as resettlement expenses.

During the three-year period ended December 31 2019, we typically used three methods of land acquisition: (i) acquiring land use rights by signing land use rights grant agreements with the PRC government; (ii) acquiring target companies which have acquired land use rights themselves; and (iii) acquiring land use rights through government-organized tender, auction and listing-for-sale.

Certificates, Permits and Licenses

We are required to apply for various permits and licenses in order to commence construction and sale of our properties. If the land use right is acquired by way of grant, the land use rights grant contract will be a pre-condition to applications for the following certificates, permits and licenses:

- *land use rights certificate/real estate certificate* (國有土地使用證／不動產權證). A certification of the right of a party to use a parcel of land;
- *construction land planning permit* (建設用地規劃許可證). A permit authorizing a developer to begin the surveying, planning and design of a parcel of land;
- *construction works planning permit* (建設工程規劃許可證). A certificate indicating government approval for a developer's overall planning and design of the project and allowing a developer to apply for a work commencement permit;
- *construction works commencement permit* (建築工程施工許可證). A permit required for commencement of construction; and
- *pre-sale permit* (商品房預售許可證). A permit authorizing a developer to start the pre-sale of property under development.

A property developer is allowed to commence construction on a property development upon obtaining the permit for commencement of construction work, which will only be issued after each of the land use rights certificate, the construction land planning permit and the construction work planning permit is obtained. Please see “Risk Factors – Risks relating to our business – We may be required to forfeit land to the PRC government if we fail to comply with the terms of our land grant contracts” for details. As of December 31, 2019, we had obtained all the required land use rights certificates for our properties under development and completed properties.

Financing of Projects

We primarily finance our property developments using contributions from shareholders, borrowings from banks and our internal funds and proceeds from the sale and presale of our properties. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies.

According to the relevant guidelines issued by the CBRC, banks may not provide any lending to any real estate project for which the land use certificate, construction land planning permit, construction works planning permit and work commencement permit have not yet been obtained. Under the Notice on Adjusting the Housing Supply Structure and Stabilizing Housing Prices (《關於調整住房供應結構穩定住房價格意見的通知》) jointly issued by the MOHURD and other PRC government authorities in May 2006, commercial banks in China may not lend funds to property developers with an internal capital ratio of less than 35%, calculated by dividing the internal funds available by the total project capital required for a project. We typically use internal funds and project loans from PRC banks to finance the construction costs for our property developments. Additional cash is generated from pre-sales of properties when these properties meet the requirements of pre-sale under the relevant national and local regulations. Such proceeds from pre-sales, together with shareholder contributions and the project loans, are the major sources of funds for the construction of our projects.

Project Design

With a view to achieving distinctive designs and operating efficiency, we typically outsource our design work to outside design experts. Our Office of the Chief Engineer is responsible for selecting third-party design firms by taking into consideration their reputation, proposed designs and their past relationship with us. Our Office of the Chief Engineer consists of engineers who supervise our architectural design, landscape design, mechanical engineering and structural engineering. It coordinates and works closely with the selected design firms in major aspects of the design process, from master planning, design specifications and adjustments, to raw material selection. Our Office of the Chief Engineer also monitors the work progress of the selected design firms to ensure that their project designs meet our design specifications and are completed on time. In recent years we have retained leading domestic and international design firms to help design our projects in various aspects, including master planning, architectural design, landscape design and interior design.

We seek to distinguish our property developments by offering distinctive design features and adding additional functions to our property developments. For example, in our Yuzhou Golden Seacoast and Shuilian Manor projects, our layout design increases the usage area by a factor of approximately 30%-40% over saleable GFA. Our design for certain units in our Yuzhou Jinqiao International Project increases the usage area by a factor of at least 90% over saleable GFA. The Yuzhou Golden Seacoast project was recognized as one of the “Minnan’s Ten Best Units of 2007 – Best Innovative Comfort Unit” (2007閩南十佳人居戶型 – 最具創意舒適戶型獎) by the Hai Xia Dao Bao (海峽導報). Our design for the Galaxy Garden project was recognized as one of the “Minnan’s Ten Best Units of 2007 – Best Classic Comfort Unit” (2007閩南十佳人居戶型 – 最經典舒適戶型) by the Hai Xia Dao Bao (海峽導報). Yuzhou Riverside City Town was recognized as the Best Low Block Residential Property by the Xiamen Real Estate Oscar Award in 2012. Yuzhou Shoreline was recognized as one of China’s Best Ten Properties with Exemplary Living Environment in 2011 at Boao Forum. Yuzhou

Skyline was awarded the Best Living Environment Property by Sina.com in 2010 and the Electric Design Model Property by the Center for Housing Industrialization and International Copper Association of China in 2009. Yuzhou Gushan No. One was recognized as China's Top Ten High Class Villa by the China Index Academy in 2008. In 2014, Yuzhou Jade Lakeshire was recognised as the "Famous Project for Healthy Living in China" by the Center for Facilitating Housing Industrialization under the Ministry of Housing and Urban-Rural Development, as well as "Major Ecological Project for Healthy Living on Hefei Real Estate Market by jiayouchuanmei.com. In 2015, Yuzhou the Jiqing received the "Living Environment Trendsetter Award".

Construction Work

We outsource our project construction work entirely to independent third parties. A tender process is usually required to select contractors for construction projects pursuant to national and local regulations. Without any long-term construction outsourcing contracts in place, our Construction Management Department organizes a tender process to work with a number of qualified contractors to create a competitive environment. We consider their track record performance, work quality, proposed delivery schedules and costs in our selection process and seek to maintain our construction costs at a reasonable level without sacrificing quality. We conduct a detailed investigation into the experience and credentials of the contractors during the bidding process before offering construction contracts to them. As of December 31, 2019, we had engaged 107 construction contractors, all independent third parties, on an individual project basis for the construction of our property developments. These contractors typically have had relationships of 1 to 15 years with our Group.

Payments to contractors are determined by taking into consideration the labour and material costs, fitting requirements and construction progress and are adjustable under the construction contracts. The construction contracts we enter into with construction companies typically contain warranties with respect to quality and timely completion of the construction projects. We require construction companies to comply with PRC laws and regulations relating to the quality of construction as well as our own standards and specifications. Our Construction Management Department, Project Audit Department and Office of the Chief Engineer monitor quality and cost control and construction progress closely during construction. In the event of a delay in construction or unsatisfactory quality of workmanship, we may require the construction companies to pay a penalty or provide other remedies. In an effort to ensure the quality of the services rendered by the contractors, our construction contracts typically provide for payments based on construction progress until a specified maximum percentage of the total contract sum is paid. Except for approximately 3% of the contract sum which we generally retain for two years from completion to cover any potential expenses incurred as a result of any construction defects, the remaining balance is payable upon the issue of a certificate approving construction quality. Upon the expiry of the two-year retention period, the balance of the retained amount is paid to the contractor. We have not experienced any circumstances where the retention amount was less than the amount we needed to pay to rectify construction defects during the three-year period ended December 31, 2019. The retention money is accounted for as a trade payable in the consolidated financial statements, including the notes thereto, included elsewhere in this offering memorandum. We did not have any disputes with any of our contractors during the three-year period ended December 31, 2019, which had or would be expected to have a material adverse effect on our business, financial condition and results of operations. Please see "Risk Factors – We rely on independent contractors to provide property development products and services" for more details.

Under PRC laws and regulations, construction companies bear the primary civil liability for personal injuries, accidents and deaths arising out of the construction if such personal injuries, accidents and death are caused by the construction companies. The owner of the property under construction may also bear liability supplementary to the liability of the construction company if the latter is not able to fully compensate the injured. The owner of the property under construction may also bear civil liability for personal injuries, accidents and death if such injuries are the fault of such owner. To help ensure construction safety on our Group's project sites and compliance with relevant PRC laws and regulations, including environmental, social

and safety regulations, we have provided a set of standards and specifications in our construction contracts for construction workers to comply with during the construction process. We had not experienced any destruction of or damage to our property developments, no personal injury-related claims have been brought against us and no material personal injury incident has occurred on our project sites during the three-year period ended December 31, 2019. We are not responsible for the labor problems of our contractors.

In the past, most of our projects have not included fittings and interior decorations so as to provide our customers with full flexibility to decorate and renovate the properties based on their own preferences and needs. However, in response to market trends, we intend, through our subsidiary Gangli Decoration Design Engineering Limited (港麗裝飾設計工程有限公司) (“Gangli Decoration Co.”), to begin offering customized fitting and interior decoration services for certain of our projects going forward, with a view to creating further values for our properties. In such capacity, Gangli Decoration Co. may enter into arrangements and transactions with our project companies, which are related companies. Under PRC laws and regulations, arrangements and transactions among related parties are required to be filed with, and may be audited or challenged, by PRC tax authorities.

In 2017, 2018 and 2019, payments to our construction contractors amounted to RMB6,031.8 million, RMB7,099.1 million and RMB7,263.5 million, respectively. Payments to our single largest construction contractor accounted for approximately 6.0%, 8.1% and 7.9%, respectively, of our total payments under our construction contracts for 2017, 2018 and 2019, respectively. Payments to our five largest construction contractors as a percentage of our total payments under construction contracts in each of 2017, 2018 and 2019 were 22.6%, 19.8% and 18.6%, respectively. None of our directors, their associates nor any shareholder holding more than 5% of our issued share capital has any interest in our five largest construction contractors.

Quality Control and Construction Supervision

We place a strong emphasis on quality control to ensure that our properties comply with relevant regulations and are of high quality. These procedures are strictly followed by our functional departments, project companies and by our construction supervisors. As part of our quality control procedures, it is our policy to only contract with reputable design and construction companies.

We typically designate for purchase certain fixture materials such as doors, windows, sanitary fittings and kitchen cabinets, which are required to satisfy national standards or be from certain name brands. The general contractors procure more basic building materials, such as cement and steel. The general contractors procure most of the equipment necessary for each project in accordance with our specifications. We do not own any construction equipment and do not maintain any inventory of building materials. To maintain quality control, we employ very strict procedures for selection, inspection and testing of materials. Our project management teams inspect all equipment and materials to ensure compliance with the contractual specifications before accepting the materials on site and approving payment. We reject materials which are below standard or that do not comply with our specifications and return them to suppliers.

To ensure quality and monitor the progress and workmanship of construction, each project has its own on-site project management team, comprised of qualified engineers led by a project controller. As of December 31, 2019, we employed 703 qualified engineers. Our project management teams provide on-site supervision of the project. In addition, we have a quality control department which inspects the quality of the construction work on a selective basis. We also engage independent quality supervisory companies to conduct quality and safety control checks on all building materials and workmanship on site.

Our Construction Management Department is responsible for the supervision of the construction of our properties and ensuring that our properties meet a specified standard upon completion. In addition, prior to handing over a property to our customers, our engineers, customer service department and the relevant property management company will inspect the property.

Pre-sale

We typically conduct pre-sales of our property units prior to the completion of a project or a project phase, subject to laws and regulations governing pre-sales of properties. According to the Urban Real Property Law (《中華人民共和國城市房地產管理法》) and the Administrative Measures Governing the Pre-sale of Urban Real Estate (《城市商品房預售管理辦法》), the following conditions must be fulfilled before the pre-sale of a particular property can commence:

- the land premium must be paid in full and the land use rights certificates must have been obtained;
- the construction works planning permit and the work commencement permit must have been obtained;
- the funds contributed to the development of the project shall amount to at least 25% of the total amount to be invested in the project and the project progress and the date of completion of the project for use must have been ascertained; and
- the pre-sale permit must have been obtained.

According to the Regulations on Administration of Commodity Property Pre-sale of Xiamen (《廈門市商品房預售管理規定》), we are required to meet the following conditions, in addition to the first three conditions mentioned above, before obtaining a pre-sale permit for our projects in Xiamen:

- for commodity property consisting of three floors or less, the basic foundation work and the structural construction of the building must have been completed;
- for commodity property consisting of four floors or more with a basement, the basic foundation work and at least the first floor of the structural construction must have been completed; and
- for commodity property consisting of four floors or more without a basement, the basic foundation work and at least four floors must have been completed.

On April 13, 2010, the MOHURD issued the Notice on Issues Relating to Further Strengthening the Real Estate Market Supervision and the Improvement of Commercial Housing Presale System (《關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知》), which provided a series of measures to further improve the pre-sale system. According to the notice, during the pre-sale stage of commercial property development, developers are prohibited from collecting any deposit or advance payment in any form, such as subscription, reservation, sequencing or grant of VIP card. The notice requires that developers disclose to the public all properties subject to pre-sale and the price of each property at the same time within 10 days after obtaining the pre-sale permit. Properties must be sold at the disclosed price without any cheating or speculation. Governmental authorities may investigate and strictly punish any illegal activity by developers during the pre-sale stage, such as property hoarding. Sales agents are prohibited from any form of speculation in the option to purchase property (炒賣房號), earning price difference (賺取差價) or using different price terms on the same property for an illegal purpose (陰陽合同), spreading false or unjustified information, or creating a false or deceptive appearance that the sales of properties are prosperous.

Sales and Marketing

We have a dedicated sales and marketing team of over 100 employees responsible for determining the appropriate advertising and sales plans for our property developments. In addition, we contract with third-party sales and marketing companies who are responsible for conducting detailed analyses of market conditions, preparing promotional materials, conducting general promotional campaigns, recommending unit prices and pricing-related policies for our projects and coordinating and monitoring our relationship with the media. Our property sales planning is typically divided into three stages, as set out below:

- Planning stage – During the construction of our properties, we select and educate a third-party sales and marketing company. At this stage, the sales and marketing company formulate a detailed sales plan including estimated selling prices, the selling period, number of units for sale and expense budget and refine our sales plans previously prepared at the project selection stage;
- Sales stage – Our senior management confirm the Sales Plan and the relevant functional departments will implement the Sales Plan. We commence pre-sales after we obtain the relevant pre-sale permits; and
- Review stage – On a regular basis, we review our sales performance by comparing our actual sales results against the sales plan. Where there are significant differences, our senior management investigate the reasons and put in place remedial plans where appropriate.

To further promote our “Yuzhou” brand, we adopt various direct measures to reach potential purchasers, including advertisements, real estate exhibitions, information sessions, multiple sales offices, property web sites, our own magazine “Yuzhou”, and charity events. With the intent of enriching the cultural experience of our communities, we provide cultural competitions, community activities, concerts, holiday events and games. We also collaborate with several name brand companies to provide services including architectural design, interior design and landscape design. Some of our collaborators include Peddle Thorp Melbourne Architects, United States design company Dawson Design Associates, Inc. and Hong Kong design company Shui Mu Qing Hua. We also collaborate with the Industrial and Commercial Bank of China in the issuance of our own “Yuzhou” brand credit card from which we did not derive any income. We entered into an agreement with the Industrial and Commercial Bank of China, which is renewable automatically after five years, solely for marketing purposes. Industrial and Commercial Bank of China agreed to pay for the cost of manufacturing the credit cards and is responsible for all actions of the cardholders. We agree to refer our employees, members of our Yuzhou Club, our tenants, and consumers at our retail properties to Industrial and Commercial Bank of China as potential cardholders. Some of our commercial tenants include H&M, MUJI, Watsons, Pizza Hut, Haagen-Dazs, Starbucks, HaiDiLao Hot Pot, Weiyou and China Film Digital Cinema.

Our five largest customers accounted for 0.4%, 0.3% and 0.3% of our revenue in 2017, 2018 and 2019, respectively. All such customers were individual purchasers of our developed properties except for one commercial entity purchaser.

Payment Arrangements

Purchasers of our properties can choose between payment by installment or lump sum. Where a purchaser chooses to pay by installments, between 20% and 60% of the purchase price is typically required to be made as a down payment when the sales contract is entered into, the remaining of which will be arranged to be paid by a mortgage loan. In line with industry practice, we do not conduct independent credit checks on purchasers of our properties but rely on the credit checks conducted by the mortgagee banks. The mortgage bank would have conducted preliminary credit checks on a purchaser of our property when we enter into the sales and

purchase agreement with such purchaser, and typically enters into a mortgage agreement with such purchaser within three months after the execution of the sales and purchase agreement. As a result, we had not experienced any forfeitures during the three-year period ended December 31, 2019.

In accordance with industry practice, we provide guarantees to banks with respect to the mortgage loans offered to purchasers of our properties. These guarantees are released upon the earlier of (i) the relevant property ownership certificates being delivered to the purchasers and (ii) the settlement of mortgage loans between the mortgagee banks and purchasers of our projects. Over the last three years, there were a few lawsuits brought by mortgage banks against purchasers that have purchased properties from us on a pre-sale basis and for which we have provided guarantees. Please see “Risk Factors – Risk Relating to Our Businesses – We provide guarantees over mortgage loans given by banks to purchasers of our properties which may negatively impact our profitability if we are required to honor the guarantees” for more details.

Delivery of Properties

Once a property development has passed the requisite government inspections and received the Completed Construction Works Certified Report and is ready for delivery, we notify our customers and hand over keys and possession of the properties. Delivery of a property generally takes place within three months (depending on the type of the property) after the completion of the property. Our pre-sale or sale contracts provide the time frame for delivery and we are required to make penalty payments to the purchasers for any delay in delivery. Please see “Risk Factors – Risks Relating to Our Business – We may not be able to complete our development projects on time or at all” for more details.

Property Management

We typically engage our own property management company, Yuzhou Property Service Co., Ltd. (禹洲物業服務有限公司) (“Yuzhou Property Service Co.”), to manage the residential properties we develop. Other than Yuzhou Garden and Yuzhou New City, all of our projects are currently managed by Yuzhou Property Service Co. Yuzhou Property Service Co. typically enters into property management agreements with the property owners. The property management contract sets forth the scope and the quality requirements of the services provided by our property management companies. According to the Regulation on Property Management (《物業管理條例》), we are not allowed to assign the full management responsibilities to a third party. Huaqiaocheng Properties Co. is responsible for establishing the property management procedures and preparing maintenance and renovation plans with respect to the properties and public facilities. The property management contract also sets forth the payment arrangements of management fees, which cannot be increased without the prior consent of the property owners. Under PRC laws and regulations, the owners or owners’ association of a residential community have the right to change property management companies pursuant to certain procedures. Please see “Risk Factors – Risks Relating to Our Business – Property owners may terminate our engagement as the provider of property management services” for more details.

Investment Properties

We develop commercial complexes, office buildings, retail shop units and car park spaces for leasing and/or for capital appreciation. We intend to focus on high-quality properties that are located in central commercial areas of major cities.

We are currently operating The Mall at Yuzhou World Trade Center. Our target tenants are mid-to high-end retail stores, restaurants and supermarkets, which currently include H&M, MUJI, Watsons, Pizza Hut, Haagen-Dazs, Starbucks, HaiDiLao Hot Pot, Weiyu and China Film Digital Cinema. We are also operating Yuzhou Jinqiao International in Shanghai. The Project Yuzhou Commercial Plaza, a larger scale complex commercial shopping mall located in Pudong District, Shanghai, has commenced its business in July 2016.

Xiamen Yuzhou Commercial Investment & Management Co., Ltd. (廈門禹洲商業投資管理有限公司) (“Yuzhou Commercial Investment Management Co.”), a wholly-owned subsidiary, is responsible for the management of The Mall at Yuzhou World Trade Center. Yuzhou Commercial Investment Management Co. provides detailed market research and establishes management plans. In addition, its management team prudently selects our tenants based on brand name and potential impact to increase marketability. Its management team is also responsible for daily operation of our investment properties, including labor, customer service and event planning issues.

Our Group has over ten years of experience in managing retail units and car park spaces in our residential properties. We currently plan to develop commercial complexes in connection with our projects Yuzhou Golden Seacoast and Yuzhou Wyndham Grand Plaza Royale Hotel. We intend to use our Yuzhou World Trade Center management model in developing these retail complexes, which are expected to be managed by Yuzhou Commercial Investment Management Co.

We intend to develop office properties in the future and intend to use our Yuzhou Square management model to develop and manage such office properties.

We believe that expanding into the retail and office property sectors will increase the breadth and stability of our revenue streams and reduce our risk of over-reliance on any particular property sector. For risks associated with expanding into the retail and office property sectors, please see “Risk Factors – Risks Relating to Our Business – We may not be successful in expanding into our new hotel and investment property businesses.”

Hotels

We currently operate The Yuzhou Camelon Hotel Apartment in Xiamen. The hotel is located in the central area of Xiamen Huli District, adjoining the government of Huli District and Huli Economic and Hi-tech Development Zone and in proximity to Xiamen Gaoqi International Airport. In 2018, the Yuzhou Camelon Hotel Apartment recorded an occupancy rate of over 80% and contributed revenue of RMB18.2 million. In 2019, Yuzhou Wyndham Grand Plaza Royale Hotel commenced its operation in the core area of Yuyuan Bay in Xiamen. We are also in the process of developing additional hotels in order to diversify our revenue stream.

We believe that expanding into the hotel sector will increase the breadth and stability of our revenue streams and reduce our risk of over-reliance on any particular property sector. For risks associated with expanding into the hotel sector, please see “Risk Factors – Risks Relating to our Business – We may not be successful in expanding into our new hotel and investment property businesses” and “– Our results of operations may be affected by the performance and reputation of, and any adverse developments relating to, the hotel management partner”, which may materially and adversely impact the operations and profitability of our hotel.”

Properties Used by Us

Our principal executive offices are located at Yuzhou Plaza, 55 South Hubin Road, Xiamen, Fujian Province and Yuzhou Plaza, 299 Jingang Road, Pudong New District, Shanghai, with a GFA of approximately 95,967 sq.m.

Competition

The market for real estate development in China has evolved significantly over the past decade. In addition to Chinese real estate developers, a number of overseas real estate developers are active in China. In April 2004, the PRC government announced a six month moratorium on land auctions. In June 2004, the PRC government further issued policies to reduce the number of property projects that involve redevelopment or relocation of existing residents. These policies further increased competition among real estate developers as the amount of land available for property development was reduced. Please see “Risk Factors – Risks Relating to the PRC Real Estate Industry – We face intense competition from other real estate developers.” For details of the policies, please see “Industry and Regulatory Overview – Regulatory Overview.”

Our existing and potential competitors include major domestic state-owned and private developers and foreign real estate developers (including leading developers listed in Hong Kong) who focus on high-quality property development in China. We believe that through our experience in developing large-scale, high-quality properties and our in-depth understanding of the Chinese real estate market, we will be able to react more quickly when competing with these property developers to identify and secure desirable opportunities.

Intellectual Property

Our intellectual property forms an integral basis for our strong brand recognition and is important to our Group’s business and profitability. As of December 31, 2019, we had 46 registered trademarks in the PRC and had one registered trademark in Hong Kong. The Company’s logo  is our primary trademark. As of December 31, 2019, we had registered the following domain names: (1) “禹洲.com”, (2) “禹洲.中國”, (3) “禹洲集團.com”, (4) “禹洲集團.中國”, (5) “禹洲地產.公司”, (6) “禹洲地產.中國”, (7) “xmyuzhou.com.cn”, (8) “禹洲地產.com”, (9) “禹洲.cn”, (10) “禹洲集團.cn” and (11) “yuzhou-group.com”.

The information on our websites does not form part of this offering memorandum.

Under Hong Kong and PRC law, a registered trademark owner has exclusive rights in the registered trademark. Any unauthorized use of a registered trademark (unless such use constitutes “fair use” as defined by law), will constitute infringement of the trademark owner’s exclusive right.

Insurance

We contribute to social security insurance for our employees as required by PRC social security regulations, such as a pension contribution plan, medical insurance plan, unemployment insurance plan and work-related injury insurance plan. In line with what we believe to be industry practice, we do not maintain insurance for destruction of, or damage to, our property developments (whether they are under development or have been completed and are pending delivery) other than with respect to those buildings over which our lending banks have security interests, for which we are required to maintain insurance coverage under the relevant loan agreements. We also do not carry insurance covering construction-related personal injuries. In addition, we do not carry insurance for any liability arising from allegedly tortious acts committed on our work sites. The construction companies are responsible for quality and safety control during the course of the construction and are required to maintain accident insurance for their construction workers pursuant to PRC laws and regulations. Moreover, there are certain losses for which insurance is not available on commercially practicable terms, such as those suffered due to earthquake, typhoon, flooding, war and civil disorder. Business interruption insurance is also currently unavailable in China.

To help ensure construction quality and safety, we provide a set of standards and specifications in the construction contracts for the construction workers to comply with during the construction process. We also engage qualified supervisory companies to oversee the construction process. Under PRC law, construction companies bear the primary civil liability for personal injuries, accidents and death arising out of their construction work where such personal injuries, accidents and deaths are caused by the construction companies. The owner of the property under construction may also bear liability supplementary to the liability of the construction company if the latter is not able to fully compensate the injured. The owner of the property may also bear civil liability for personal injuries, accidents and death if such personal injuries, accidents or death are due to the fault of such owner. To date, we have not experienced any destruction of or damage to our property developments nor have any personal injury-related claims been brought against us and nor material personal injury incident has occurred at our project sites.

However, there are risks that we do not have sufficient insurance coverage for losses, damage and liabilities that may arise in our business operations. Please see “Risk Factors – Risks Relating to Our Businesses – We may suffer losses arising from uninsured risks” for more details.

Environmental Matters

We are subject to PRC environmental laws and regulations as well as environmental regulations promulgated by local governments. The laws and regulations governing the environmental requirements for real estate developments in the PRC include the Environmental Protection Law (《中華人民共和國環境保護法》), the Prevention and Control of Noise Pollution Law (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law (《中華人民共和國環境影響評價法》) and the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》). As required by PRC laws and regulations, each project developed by a property developer is required to undergo an environmental assessment, and an environmental impact assessment report is required to be submitted to the relevant government authorities for approval before commencement of construction. When there is a material change in respect of the construction site, scale or nature of a given project or the measures for pollution prevention and control or the measures for ecological destruction, a new environmental impact assessment report must be submitted for approval. During the course of construction, the property developer and the construction companies must take measures to prevent air pollution, noise emissions and water and waste discharge. Environmental investigations on our projects conducted to date have not revealed any environmental liabilities that we believe would have a material adverse effect on our business, financial condition or results of operations. Please see “Risk Factors – Potential liability for environmental problems could result in substantial costs” for more details.

In addition, PRC environmental laws and regulations provide that if a construction project includes environmental facilities (including engineering projects, devices, monitors and other facilities that were constructed or equipped in order to prevent pollution and protect the environment), such facilities will have to pass an inspection by the environmental authorities and an approval must be obtained before the environmental facilities can commence operations. If a construction project does not include any environmental facilities, no such approval is required.

Our Group has been in compliance with applicable PRC environmental laws and regulations in all material respects during the three-year period ended December 31, 2019 and the period up to the date of this offering memorandum. We did not experience any material environmental pollution incidents and there were no material penalties imposed on us for violation of environmental laws and regulations during the same period.

We intend to continue to comply with PRC environmental laws and regulations and further strengthen our management and supervision systems in respect of environmental protection. A team of officers experienced in pre-construction work of property development and environment matters in our Initial Development Department and Construction Management Department manage and examine the procedures and activities that may give rise to environmental issues such as noise, water and air pollution and collaborate with third-party construction contractors in order to ensure environmental compliance.

Legal and Regulatory Proceedings

From time to time we are involved in legal and regulatory proceedings or disputes in the ordinary course of business including claims relating to our guarantees for mortgage loans provided to our purchasers and contract disputes with our purchasers, suppliers, subcontractors, employees, as well as joint venture partners. Please see “Risk Factors – Risks Relating to Our Business – we provide guarantees over mortgage loans given by banks to purchasers of our properties which may materially and adversely affect our results of operations and financial condition if we are required to honor the guarantees.” We are not aware of any material legal or regulatory proceedings, claims or disputes currently existing or pending against us. The directors are of the view that there were no material legal or regulatory proceedings or disputes which are of material importance or would adversely affect our Group during the three-year period ended December 31, 2019 and the period up to the date of this offering memorandum. Please also see “Risk Factors – Risks Relating to Our Business – We may become involved, from time to time, in legal and other proceedings arising out of our operations and may face significant liabilities as a result” for more details.

Compliance

We strive to establish a comprehensive internal control system and corporate governance structure. Our management team is responsible for determining internal control strategies and policies, approving internal control procedures for various business activities and assessing the overall integrity and effectiveness of our internal control system. Our Legal Department is responsible for implementing internal control strategies and policies adopted by the management team and for establishing internal control reporting structures. The management teams at our subsidiaries are responsible for implementing internal control policies and procedures in their respective scope of business, conducting internal control examinations and reporting to our management team and Legal Department. Our Initial Development Department is generally responsible for and monitors compliance with the commencement dates stipulated in our land grant contracts. In September 2008, we commenced the development of an Enterprise Resource Plan (the “ERP”) system which will establish Internet-based progress monitoring for our projects and will be supervised by members of our management team. The ERP system was completed in January 2010 which further strengthens our internal control system and corporate governance structure.

DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The board of directors of our Company consists of eight directors, of whom four are executive directors, one is non-executive director and the remaining three are independent non-executive directors. The directors are appointed for a term not exceeding three years. The power and duties of our board of directors include convening shareholders' meetings and reporting the board's work at shareholders' meetings, implementing resolutions passed at shareholders' meetings, determining our business plans and investment plans, formulating our annual budget and final accounts, formulating our proposals for profit distributions and for the increase or reduction of registered capital as well as exercising other powers, functions and duties as conferred by our Memorandum and Articles of Association. The following table sets forth certain information regarding members of our board of directors:

Name	Age	Position
Lam Lung On (林龍安)	55	Chairman, Executive Director
Kwok Ying Lan (郭英蘭)	49	Executive Director
Lin Conghui (林聰輝)	49	Executive Director
Lam Yu Fong (林禹芳)	25	Executive Director
Xie Mei (謝梅)	52	Non-Executive Director
Lam Kwong Siu (林廣兆)	85	Independent Non-Executive Director
Wee Henny Soon Chiang (黃循強) . .	73	Independent Non-Executive Director
Dr. Zhai Pu (翟普)	45	Independent Non-Executive Director

Executive Directors

Lam Lung On (林龍安), aged 55, was designated as the Chairman of our board and our Executive Director on October 9, 2009. He founded our Group in December 1994. He is also a member of the remuneration committee and the nomination committee of our Company. Since December 1994, Mr. Lam has held positions including but not limited to chairman, deputy chairman, director and general manager in most of our subsidiaries and is primarily responsible for overseeing the development planning and strategic layout of the Group as well as the major decisions on the investment and human resources of the Group. He has over 24 years of experience in residential, commercial and hotel property development and investment. In 2006, Mr. Lam became an honorary citizen of Xiamen accredited by the mayor of Xiamen. He has been a member of the Hong Kong Special Administrative Region Election Committee, a member of the Standing Committee of the All-China Federation of Returned Overseas Chinese, the Central Committee of the China Democratic National Construction Association and a member of the Fujian Committee, Tianjing Committee of the Chinese People's Political Consultative Conference, the Director of the Proposal Committee of the Provincial Association of Provincial CPPCC Members. Mr. Lam also serves as the president of the Hong-Kong Xiamen Friendship Union, the deputy chairman of the Hong Kong Federation of Fujian Associations, the Honorary President of the Hong Kong Chinese Importer's & Exporter's Association, executive deputy chairman of the board of the Hong Kong Volunteers Federation, the executive deputy chairman of the China Federation of Overseas Chinese Entrepreneurs, the Honorary President of Hong Kong Association of Overseas Chinese Society, the visiting professor of the University of Science and Technology of China and the executive director and visiting professor of Jimel University. Mr. Lam graduated from the University of Science and Technology of China with a master's degree in Engineering in November 1996. Mr. Lam is the spouse of Ms. Kwok Ying Lan, our Executive Director, and the brother-in-law of Mr. Lin Conghui, our Executive Director. On June 30, 2017, Mr. Lam was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region.

Mr. Lam has not held any directorship in any other public listed companies in the past three years. Mr. Lam has never served as a government official. Mr. Lam worked for Xiamen Land Development Company, a state-owned enterprise, before he founded our Group. Mr. Lam resided in the PRC for a substantial period of time before he moved to Hong Kong in 1999. Mr. Lam became a Hong Kong permanent resident in February 2006. He is one of our controlling shareholders.

Kwok Ying Lan (郭英蘭), aged 49, was designated as our Executive Director on October 9, 2009. She is also our Deputy Chairman of our board. Since joining our Group in April 1997, Ms. Kwok has held positions including but not limited to chairman, director and general manager in most of our subsidiaries and is primarily responsible for the financial, capital and auditing work of the Company. Ms. Kwok has over 21 years of experience in property development and financial management. Ms. Kwok has been an executive director of the Xiamen Association of Enterprises with Foreign Investment, a member of the Xiamen Municipal Committee of the Chinese People's Political Consultative Conference, a director of Fujian Overseas Women's Friendship Association, the Deputy Chairman of the Hong-Kong Xiamen Friendship Union, and the Deputy Chairman of the Hong Kong Chinese Importer's & Exporter's Association. She is the spouse of Mr. Lam Lung On, our Executive Director, and the sister in law of Mr. Lin Conghui, our Executive Director.

Ms. Kwok has not held any directorship in any other public listed companies in the past three years. Ms. Kwok has never served as a government official. Ms. Kwok worked for China Construction Bank Xiamen Branch, a state-owned bank, before she joined in our Group. Ms. Kwok resided in the PRC for a substantial period of time before she moved to Hong Kong in 2000. Ms. Kwok cancelled her PRC resident registration on August 16, 2000 and received her Hong Kong resident status on October 9, 2000. Ms. Kwok became a Hong Kong permanent resident in October 2007. She is one of our controlling shareholders.

Lin Conghui (林聰輝), aged 49, was designated as our Executive Director on October 9, 2009. Since joining our Group in July 1998, Mr. Lin has held positions including but not limited to chairman and director in most of our subsidiaries and is primarily responsible for the daily operation management of Fuzhou subsidiary and Longyan subsidiary. Mr. Lin has over 20 years of experience in project management. He graduated from Tongji University with a diploma in Architecture Engineering in January 2006. Mr. Lin is the brother-in-law of Mr. Lam Lung On and Ms. Kwok Ying Lan, our Executive Directors.

Mr. Lin has not held any directorship in any other public listed companies in the past three years.

Lam Yu Fong (林禹芳), aged 25, was appointed as our Executive Director on October 25, 2018. Ms. Lam holds a Bachelor of Arts degree in International Business from the University of San Francisco. Ms. Lam worked as an analyst in BOCI Securities Limited from August 2017 to October 2018 and focused on the real estate industry. Ms. Lam is the daughter of Mr. Lam Lung On and Ms. Kwok Ying Lan (the Executive Directors and the controlling shareholders of the Company) and the niece of Mr. Lin Conghui (an Executive Director).

Non-Executive Director

Xie Mei (謝梅), aged 52, was appointed as our Non-Executive Director on September 4, 2018. Ms. Xie joined Overseas Chinese Town (Asia) Holdings Limited (華僑城(亞洲)控股有限公司) ("OCT (Asia)") in 2004 and is currently the executive director and chief executive officer of OCT Asia. Ms. Xie is also the assistant to the president of Shenzhen Overseas Chinese Town Company Limited (深圳華僑城股份有限公司) ("OCT Ltd."), the chairman of Xi'an OCT Land Co., Ltd. (西安華僑城置地有限公司) (a wholly owned subsidiary of OCT (Asia)), the director of all the subsidiaries of OCT (Asia), the director and general manager of Overseas Chinese Town (HK) Company Limited (香港華僑城有限公司) (the beneficial owner of all the issued share capital in Pacific Climax Limited, which is the controlling shareholder of OCT (Asia)), the director of Pacific

Climax Limited and the director of Xi'an OCT Investment Ltd.(西安華僑城實業有限公司)and Yunnan OCT Industrial Co., Ltd.(雲南華僑城實業有限公司), both being the subsidiaries of OCT Ltd. Ms. Xie joined Overseas Chinese Town Group Co., Ltd.(華僑城集團有限公司)(“OCT Group”) in 1994 and was the deputy director and director of the strategic development department of OCT Group. Ms. Xie graduated from the Department of Electrical Engineering of Xi'an Jiaotong University and obtained a bachelor's degree in Engineering in 1989. She also obtained a master's degree in Economics from the Renmin University of China in 1999.

Independent Non-Executive Directors

Lam Kwong Siu (林廣兆), aged 85, was appointed as an independent non-executive Director on October 9, 2009 and was appointed as the chairman of the nomination committee and the chairman of the remuneration committee on December 28, 2016. He has more than 5 years of banking experience. In addition, Mr. Lam has held the following positions in the banking sector:

- a non-executive director of Bank of China International Limited (formerly known as BOCI Capital Limited) since July 2002;
- an independent non-executive director of CITIC Ka Wah Bank Limited (formerly known as the Hong Kong Chinese Bank Limited), from January 2002 to March 2014;
- the deputy chairman of BOC International Holdings Limited, a wholly owned subsidiary of the Bank of China Ltd since October 2001; and
- an independent non-executive director of CITIC International Financial Holdings Limited (formerly known as CITIC Ka Wah Bank Limited) since 1996. CITIC International Financial Holdings Limited is a Hong Kong incorporated company which was listed on the SEHK (00183) until the withdrawal of its listing in November 2008.

Mr. Lam has been serving the following companies which are listed on the Hong Kong Stock Exchange in the capacity of:

- an independent non-executive director of Xinyi Glass Holdings Limited (00868) since August 2004;
- an independent non-executive director of Fujian Holdings Ltd. (00181) since December 2003;
- an independent non-executive director of China Overseas Land & Investment Ltd. (00688) since September 2003;
- an executive director of Far East Consortium International Limited (00035) since September 2011;
- an executive director of Lai Fung Holdings Limited, a Cayman Islands incorporated company listed on the Hong Kong Stock Exchange (01125), from June 1999 to July 2001; and
- an independent non-executive director of Ananda Wing On Travel (Holdings) Limited (now known as Wing On Travel (Holdings) Limited), a Bermuda incorporated company listed on the Hong Kong Stock Exchange (01189), until January 2003.

Mr. Lam was awarded the HKSAR Silver Bauhinia Star in 2003 and Gold Bauhinia Star in 2016. He was a delegate of the Hong Kong Special Administrative Region of the PRC to the 10th National People's Congress. He currently serves as the honorary chairman of the Hong Kong Federation of Fujian Associations,

life honorary chairman of the Hong Kong Fukien Chamber of Commerce, deputy chairman of the Fujian Hong Kong Economic Co-operation, life honorary chairman of the Chinese General Chamber of Commerce, adviser of the Hong Kong Chinese Enterprises Association and the honorary president of the Chinese Bankers Club of Hong Kong.

Mr. Lam is not connected with any directors, senior management, substantial shareholders or controlling shareholders. Mr. Lam does not have any interest in the ordinary shares of the Company within the meaning of Part XV of the SFO.

Wee Henny Soon Chiang (also known as Wee Toon Kian) (黃循強), aged 73, was appointed as an independent non-executive Director on October 9, 2009. He is also the chairman of the audit committee, and a member of the remuneration committee and the nomination committee of our Company. He has more than thirty years' experience in public accounting practice. Mr. Wee was an independent non-executive director of The Quaypoint Corporation Limited (now known as China Uptown Group Company Limited), a Cayman Islands incorporated company listed on the SEHK (02330), from September 2001 to November 2006. He is the founder of Henny Wee & Co., a firm of Certified Public Accountants (Practising) registered at Hong Kong Institute of Certified Public Accountants in February 1988. Mr. Wee is the partner of Henny Wee & Co. since 1988 and following a merger with another local firm of certified public accountants on April 1, 2016, he is the managing partner of the merged SWC & Partners. He also worked at Glass Radcliffe Chan & Wee as a partner. Mr. Wee received a bachelor's degree in Commerce from the University of Newcastle, New South Wales, Australia, in March 1971. He became an Associate Member of the Institute of Chartered Accountants (Australia) in July 1975, and a Certified Public Accountant (Practising) of the Hong Kong Society of Accountants, now known as the Hong Kong Institute of Certified Public Accountants, since 1988.

Mr. Wee is not connected with any directors, senior management, substantial shareholders or controlling shareholders. Mr. Wee does not have any interest in the ordinary shares of the Company within the meaning of Part XV of the SFO.

Dr. Zhai Pu (翟普), aged 45, was appointed as an independent non-executive Director and a member of the audit committee of the Company on December 28, 2016. Prior to his appointment as an independent non-executive director, Dr. Zhai Pu has not held any other position with the Company or any of its subsidiaries. He obtained a Ph.D from Cambridge University in the United Kingdom in 2000 and a bachelor's degree in Material Science and Engineering from Tsinghua University, China, in 1996. Dr. Zhai has been the Chief Executive Officer of China Alpha Fund Management (HK) Limited since July 2015. He has worked in the field of investment banking as Managing Director of J.P. Morgan Securities (Asia Pacific) Limited from September 2009 to March 2015, and as Managing Director of Macquarie (Hong Kong) Limited from May 2007 to August 2009. He has over 16 years of experience in corporate development and investment banking in the Greater China market.

Dr. Zhai Pu does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders, and he has not held any directorship in other listed companies in Hong Kong or overseas in the last three years. Dr. Zhai Pu is not interested nor deemed to be interested in any share, underlying share or debenture of the Company and its associated corporations within the meaning of Part XV of the SFO.

Senior Management

The table below sets forth information regarding our senior management (including directors who also hold executive positions):

Name	Age	Position
Xu Ke (許珂)	41	Executive President
Chiu Yu Kang (邱于廣)	42	Vice President, Chief Financial Officer, Company Secretary

Xu Ke(許珂), aged 41, is the Executive President of the Company. Mr. Xu joined the Company in 2018 and is responsible for the daily operation and management of the Group's property development and property management sectors, assisting the Vice Chairman of the Board in the management of commercial companies, overseeing the investment, operation, marketing and information departments of the Group as well as the operation and management of the Group's subsidiaries in various cities. Mr. Xu has 15 years of experiences in the management of major real estate enterprises. Mr. Xu graduated from Peking University and obtained a bachelor's degree of science, majoring in electronic information science and technology. In July 2004, Mr. Xu graduated from Renmin University of China, majoring in computing science and technology, and obtained a master's degree in engineering.

Chiu Yu Kang(邱于廣), Mr. Chiu, aged 42, is the vice president of the Company, the Chief Financial Officer and the Company Secretary. Mr. Chiu holds a Bachelor Degree of Business Administration in Accounting and Finance from the University of Hong Kong and a Master of Economics from the University of Hong Kong. From October 2008 to March 2015, Mr. Chiu served as the vice president of the Company, the Chief Financial Officer and the Company Secretary, who was responsible for project acquisitions, strategic planning, corporate finance activities, investor relations and oversight of financial reporting procedures, company secretary matters, internal controls and compliance with the requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Prior to re-joining the Company, Mr. Chiu served as the chief financial officer, and company secretary of certain other companies listed on The Stock Exchange of Hong Kong Limited. Mr. Chiu has also worked in an international firm of Certified Public Accountants. Mr. Chiu has over 16 years of experience in auditing, accounting and financial management. Mr. Chiu is a member of Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Committees under the Board of Directors

Audit Committee

Our Company has established an audit committee on October 9, 2009 in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee will be to review and supervise the financial reporting process and internal control system of the Group, review and approve connected transactions and provide advice and comments to the board of directors. The audit committee consists of three members, Mr. Wee Henny Soon Chiang, Mr. Lam Kwong Siu and Dr. Zhai Pu, all of whom are independent non-executive directors of our Company. The chairman of the audit committee is Mr. Wee Henny Soon Chiang.

Remuneration Committee

Our Company has also established a remuneration committee on October 9, 2009 which consists of three members, comprising two of our independent non-executive directors, Mr. Lam Kwong Siu and Mr. Wee Henny Soon Chiang, and one executive director, Mr. Lam Lung On. The chairman of the remuneration

committee is Mr. Lam Kwong Siu. The primary duties of the remuneration committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to our directors and other senior management.

Nomination Committee

Our Company has established a nomination committee on October 9, 2009 in compliance with the Code of Corporate Governance Practice in the Listing Rules. The primary duties of the nomination committee are to make recommendations to our board on the appointment of directors and management of board succession. The nomination committee consists of three members, comprising two of our independent non-executive directors, Mr. Lam Kwong Siu and Mr. Wee Henny Soon Chiang, and one executive director, Mr. Lam Lung On. The chairman of the nomination committee is Mr. Lam Kwong Siu.

Employees

Overview

As of December 31, 2019, we had 7,572 full-time employees. The following table sets forth breakdowns of employees by function as of the same date.

Department	Number of Employees
Management	332
Marketing Affairs	1,192
Design Management	154
Cost Control	167
Project Management	703
Legal and Audit	60
Finance	248
Investment Affairs	80
Public Relations & Investors Relations	9
Human Resource and Administration	229
Purchasing Affairs	56
Information Management Technology	10
Property management	3,325
Hotel management	432
Business Operation	575
Total	<u><u>7,572</u></u>

The Group's Relationship with its Employees

Our Group has not experienced any significant problems with its employees or disruption to its operations due to labor disputes nor has it experienced any difficulty with the recruitment and retention of experienced staff. Our directors believe that our Group maintains a good working relationship with its employees.

Share Option Scheme

On May 24, 2010, a share option scheme was adopted and approved by the shareholders of the Company for a period of 10 years commencing on the adoption date. Since the adoption date, the board of directors may, at its discretion, grant share options to any eligible person to subscribe for the shares in the Company subject to the terms and conditions as stipulated in the share option scheme. The maximum number of shares that can be issued upon the exercise of the options under the scheme is a number equal to 10% of the issued share capital of the Company as at the date of adoption of the scheme. Share options, which entitle the grantees to subscribe for an aggregate of 111,982,720 shares to the Company, were outstanding on December 31, 2019.

Retirement Schemes

Our employees in the PRC participate in various pension schemes organized by the relevant municipal and provincial government under which we are required to make monthly contributions to these plans. The local government is responsible for the planning, management, and supervision of the scheme, including collecting and investing the contributions, and paying out the pensions to the retired employees. The total amount of contributions we made for such employee pension schemes for each of the financial years ended December 31, 2017, 2018 and 2019 was approximately RMB23,716,000, RMB25,786,000 and RMB60,297,000 respectively.

Compensation of Directors and Senior Management

All directors receive reimbursements from our Company for expenses which are necessarily and reasonably incurred for providing services to our Company or executing matters in relation to the operations of our Company. The executive directors elected by the board of our Company, who are also employees of our Company, are entitled to receive, in their capacity as employees of our Company, compensation in the form of salaries, other allowances and benefits in kind, including our Company's contribution to the pension scheme for its executive directors.

The aggregate amounts of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid to our directors for each of the financial years ended December 31, 2017, 2018 and 2019 was approximately RMB4,869,000, RMB4,748,000 and RMB5,437,000, respectively. Such remuneration is determined with reference to the Company's business and financial performance in the relevant financial year. Following the Company's decision in 2008 to apply for listing on the SEHK, the remuneration of all directors increased, albeit at a different rate for each director, to a level not higher than that offered by other companies in the real estate industry.

The aggregate amounts of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid by our Group to our five highest paid individuals for each of the financial years ended December 31, 2017, 2018 and 2019 were approximately RMB5,631,000, RMB10,228,000 and RMB17,408,000, respectively.

No remuneration was paid by our Group to the directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office during the three-year period ended December 31, 2019. Further, none of our directors had waived any remuneration during the same period.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between our consolidated subsidiaries and our directors, executive officers and principal shareholders and, in each case, the companies with whom they are affiliated.

As a listed company on the SEHK, we are subject to the requirements of Chapter 14A of 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) (the “Listing Rules”), which require that certain “connected transactions” with “connected persons” be approved by a company’s independent shareholders. The related party transactions disclosed hereunder that constitute connected transactions within the meaning of the Listing Rules would have been subject to reporting, announcement and/or independent shareholders’ approval requirements had our Company been listed on the SEHK at the relevant times, unless such transactions would have been otherwise exempted from compliance under Chapter 14A of the Listing Rules.

Design, installation and testing services provided by Xiamen Zongheng Group Company Limited

Xiamen Zongheng Group Company Limited, a subsidiary of Xiamen Zongheng Group and a company controlled by brother of Mr. Lam Lung On and therefore a connected person of our Company, provided design, installation and testing services of intelligence systems in relation to certain of our held-for-sale properties. For the years ended December 31, 2017, 2018 and 2019, service fees paid to Xiamen Zongheng Group Communication Management Co., Ltd. were RMB46.2 million, RMB39.5 million and RMB14.0 million, respectively. On December 22, 2016, we entered into an integrated services master agreement with Xiamen Zongheng Group Communication Management Co., Ltd. to extend the period of the services for the term commencing January 1, 2017 to December 31, 2019.

Related party transactions with Yuzhou Financial Holdings Limited, Haixia Investment Management Limited, Shanghai Gangzhou Cultural and Creative Development Company Limited and related parties.

For the years ended December 31, 2018 and 2019, our Group paid service fees of RMB4.1 million and RMB14.0 million, respectively, to Yuzhou Financial Holdings Limited, a company controlled by Ms. Kwok Ying Lan, for our issuance of senior notes. During the year ended December 31, 2018, Haixia Investment Management Limited, a company controlled by Mr. Kwok Ying Lan, paid consideration of RMB400.0 million for our acquisition of certain subsidiaries on behalf of our Group. During the year ended December 31, 2018, our Group received cooperation deposits of RMB200.0 million from Shanghai Gangzhou Cultural and Creative Development Company Limited, a company controlled by Mr. Lin Conghui and mother of Ms. Kwok Ying Lan, for proposed joint cooperation in the PRC. For the year ended December 31, 2019, our Group received cooperation deposits of RMB2,560.4 million from companies controlled by Ms. Kwok Ying Lan for proposed joint cooperation in the PRC.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding ownership of our outstanding shares as of May 31, 2020 by those persons who beneficially own more than 5% of our outstanding shares and underlying shares, as recorded in the register maintained by us pursuant to Part XV of the SFO:

<u>Name of Shareholder</u>	<u>Capacity</u>	<u>Number of ordinary shares of the Company</u>	<u>Total</u>	<u>Approximate Shareholding Percentage</u>
Lam Lung On	Direct beneficial owner	1,508,015,432	3,016,326,982	57.77%
(林龍安)	Interest of spouse	1,508,311,550		
Kwok Ying Lan	Direct beneficial owner	1,508,311,550	3,016,326,982	57.77%
(郭英蘭)	Interest of spouse	1,508,015,432		
Overseas Chinese Town	Interest of corporation	460,489,606	460,489,606	9.90%
(Asia) Holdings	controlled			
Limited (華僑城				
(亞洲) 控股有限公司)				
Lin Conghui	Direct beneficial owner	15,605,943	15,605,943	0.30%
(林聰輝)				

NOTES BEING ISSUED AS GREEN BONDS

PURPOSE

Our Green Bond Framework (the “GBF”) has been developed to demonstrate how we will enter into Green financing transactions to fund new and existing projects and businesses with environmental benefits in alignment with the *Green Bond Principles (GBP)*, 2018.

ASSERTIONS FROM MANAGEMENT

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

1. Use of Proceeds

The proceeds of each Green Bond will be used exclusively for the financing and/or re-financing of “Eligible Green Projects”, in whole or in part, including the acquisition, construction, development or re-development of such projects that provide clear environmental and sustainability benefits explicitly recognized by the GBP.

“Eligible Green Projects” refers to projects that meet one or more of the following categories of eligibility as recognized in the GBP.

- a. Green Buildings: New construction or renovation of existing commercial and residential buildings certified in accordance with any one of the following selected certification systems:
 - Chinese Green Building Evaluation Label (GBL) – 2 star or above; or
 - U.S. Leadership in Energy and Environmental Design (LEED) – Gold or above; or
 - HK BEAM PLUS – Platinum Gold or above
- b. Energy Efficiency: Investments in facilities and technology to achieve at least a 10% improvement compared to baseline in energy efficiency
- c. Pollution Prevention and Control: projects involving the following features:
 - Recycling facilities installed in commercial and residential buildings
 - Expenditure for recycling of food waste
 - Expenditure for construction waste recycling during construction stage
 - Rainwater management
- d. Renewable Energy: projects involving the following features:
 - Expenditure for rechargeable batteries and toner/cartridge;

- Development, deployment, and generation of energy from renewable sources (wind and solar) and the ancillary infrastructure including but not limited to development of land (e.g. rainwater management, solar water heating system, solar street light and solar cell etc) for each project

2. Project Evaluation and Selection

We have established a Sustainability Taskforce with responsibility for governing and implementing the GBF. Our Sustainability Taskforce gathers about once a month (subject to the construction plan of our new projects) for the purpose of governing and implementing the GBF.

The Sustainability Taskforce is made up of senior representatives from design management, property management, cost management and financial management (the “Project Teams”).

Respective Project Team mentioned above will identify potential Eligible Green Projects based on the eligibility criteria outlined in the GBF’s Use of Proceeds section.

3. Management of Proceeds

We commit to allocating an equivalent amount of proceeds of each Green Bond to finance Eligible Green Projects (the “Settlement Period”) within 3 years after such Green Bond and/or refinance existing Eligible Green Projects originated within 3 years prior to such Green Bond. The proceeds of each Green Bond will be deposited in the general funding accounts and to be earmarked to Eligible Green Projects.

We have robust internal procedures and will establish a dedicated Green Bond Fund Allocation Account (the “Green Account”) to maintain a track of the equivalent amount of proceeds that we have committed to allocate in the GBF. Our Sustainability Taskforce will record each fund allocated in the Green Account containing the following information:

- a. **Type of Funding Transaction:** key information including, issuer/borrower entity, transaction date, tranche(s) information, principal amount of proceeds, repayment or amortization profile, maturity date, and interest or coupon, and the ISIN number.
- b. **Allocation of Use of Proceeds:** key information including amount of proceeds allocated to each Eligible Project and the balance of unallocated proceeds.

Any balance of issuance proceeds which are not yet allocated to Eligible Green Projects will be held in accordance with our normal liquidity management policy. We commit not to invest unallocated proceeds to any high pollution activities or any projects that are in conflict with the eligibility criteria under the GBF.

4. Reporting

We will provide information on the allocation of the net proceeds of its Green Bond on our website and in the Company’s Environmental, Social and Governance Report. Such information will be provided on an annual basis until all the net proceeds have been fully allocated.

- a. **Allocation Reporting:** We will provide below information for the net proceeds of the all Green Bonds during the period:
 - The aggregate amount allocated to various Eligible Green Projects

- The remaining balance of funds which have not yet been allocated and type of temporary investment
 - Examples of Eligible Green Projects (subject to confidentiality disclosures)
- b. Impact Reporting:** Where possible, we will report on the environmental and social (where relevant) impacts resulting from Eligible Green Projects. Subject to the nature of Eligible Green Projects and availability of information, we aim to include, but not limited to, the following impact indicators:
- Green Buildings: Amount of energy saved (kWh); CO₂ (or other GHG) emissions avoided (tons of CO₂e); Number and type of certification of green buildings
 - Energy Efficiency: Amount of energy saved (kWh); CO₂ (or other GHG) emissions avoided (tons of CO₂e)
 - Pollution Prevention and Control: Amount of waste recycled (kg); Number of recycling facilities provided
 - Renewable Energy: Renewable energy generation (MWh)/capacity (MW); CO₂ (or other GHG) emissions avoided (tons of CO₂e)

We have engaged Sustainalytics, an independent firm that specializes in rating environmental and corporate governance performance, to provide a second party opinion (“SPO”) on this framework. The SPO is available on our website.

DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes,” the term “Company” refers only to Yuzhou Group Holdings Company Limited, a company incorporated with limited liability under the laws of the Cayman Islands, and any successor obligor on the Notes, and not to any of its Subsidiaries. Each Subsidiary of the Company that guarantees the Notes (other than a JV Subsidiary Guarantor) is referred to as a “Subsidiary Guarantor,” and each such guarantee is referred to as a “Subsidiary Guarantee.” Each Subsidiary of the Company that in the future provides a JV Subsidiary Guarantee is referred to as a “JV Subsidiary Guarantor.”

The Notes are to be issued under an indenture (the “Indenture”), to be dated as of the Original Issue Date, among the Company, the Subsidiary Guarantors, as guarantors, and Deutsche Bank Trust Company Americas, as trustee (the “Trustee”).

The following is a summary of certain material provisions of the Indenture, the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Intercreditor Agreement. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Intercreditor Agreement. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture and the Intercreditor Agreement will be available on or after the Original Issue Date at the corporate trust office of the Trustee at Deutsche Bank Trust Company Americas, 60 Wall Street, NYC60-2407, New York, New York 10005, Attn: Trust and Agency Services.

Brief Description of the Notes

The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with the 2022 Notes, the 2023 Notes, the 2021 Notes, 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2017 Dual Tranche Term Facility, the 2024 Notes, the 2019 Term Loan Facility, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes, the 2021 III Notes, and all unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors on a senior basis, subject to the limitations described below under the caption “– The Subsidiary Guarantees” and in “Risk Factors – Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral”;
- effectively subordinated to the other secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

In addition, on the Original Issue Date, subject to the limitations described in “Risk Factors – Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral,” the Notes will be secured by a pledge of the Collateral as described below under the caption “– Security” and will:

- be entitled to a first priority Lien on the Collateral shared on a *pari passu* basis with (i) holders of the 2022 Notes, (ii) holders of the 2023 Notes, (iii) holders of the 2021 Notes, (iv) holders of the 2021 II Notes, (v) holders of the 2022 II Notes, (vi) holders of the 2023 II Notes, (vii) lenders to the 2017 Dual Tranche Term Facility, (viii) holders of the 2024 Notes, (ix) lenders to the 2019 Term Loan Facility, (x) holders of the 2024 II Notes, (xi) holders of the 2025 Notes, (xii) holders of the 2026 Notes, (xiii) holders of the 2025 II Notes, (xiv) holders of the 2021 III Notes and (xv) holders of any Permitted *Pari Passu* Secured Indebtedness, if any, and subject to Permitted Liens;
- rank effectively senior in right of payment to unsecured obligations of the Company with respect to the value of the Collateral pledged by the Company securing the Notes (subject to any priority rights of such unsecured obligations pursuant to applicable law); and
- rank effectively senior in right of payment to unsecured obligations of the Subsidiary Guarantor Pledgors to the extent of the Collateral charged by each Subsidiary Guarantor Pledgor securing the Notes (subject to priority rights of such unsecured obligations pursuant to applicable law).

The Notes will mature on August 12, 2026, unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture allows additional Notes to be issued from time to time (the “Additional Notes”), subject to certain limitations described under “– Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the Notes” include any Additional Notes that are actually issued. The Notes will bear interest at 7.85% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semiannually in arrears on August 12 and February 12 of each year (each an “Interest Payment Date”), beginning February 12, 2021.

Interest will be paid to Holders of record at the close of business on July 28 or January 28 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. In any case in which the date of the payment of principal of, premium or interest on the Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent, payment of principal, premium or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

The Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Company may require payment 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 Company at the office or agency of the Company maintained for that purpose (which initially will be the corporate trust administration office of the Paying Agent, currently located at Deutsche Bank AG, Hong Kong Branch, Level 52, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, Attn: Corporate Trust), and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided that*, at the option of the Company,

payment of interest may be made by check mailed at the expense of the Company to the address of the Holders as such address appears in the Note register. Interest payable on the Notes held through Euroclear and Clearstream will be available to Euroclear and Clearstream participants (as defined herein) on the Business Day following payment thereof.

The Subsidiary Guarantees

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of all of the Company's Restricted Subsidiaries other than the Non-Guarantor Subsidiaries (as defined below). All of the Subsidiary Guarantors are holding companies that do not have significant operations.

The initial Subsidiary Guarantors are:

- Yuzhou International Holdings Company Limited;
- Hong Kong Fung Chow Investment Limited;
- Yuzhou Group (H.K.) Company Limited;
- Dynasty International (1993) Pte. Ltd.;
- Kim International Realty and Development Company Limited;
- Gangli Decoration Design Engineering Limited;
- Gangli Decoration Design Engineering Limited (BVI);
- Zheng Yi Lin International Company Limited;
- Sheng Qi Investment Consultants Company Limited;
- Dollyway Investment Limited;
- Civility Success Group Limited;
- Fame Gain International Limited;
- Xin Yi Fang Tian International Company Limited;
- Hong Kong Shun Chow Investments Limited;
- Yi Yeung Tin Investment International Company Limited;
- Hong Kong Li Da Hong Xin Trading Company Limited;
- Yi Qi Yun Investment International Company Limited;
- Yuzhou Cultural and Creative Development Company Limited;
- Great Bloom Holdings Limited;
- Great Bonus Limited;

- Huge Crown International Limited;
- Pacific Maple International Limited;
- Hongkong Xingzhou Investment Company Limited;
- Fung Chow Holdings Limited;
- Massive Profit Company Limited;
- Sea Harbour Limited;
- Champion Art Limited;
- Long Gain Limited;
- Orient Prize Inc.;
- Chuang Rui Trading Limited;
- Regal Choice International Limited;
- Rui Ying International Designs Limited;
- Best Ruler Investments Limited;
- Top Rising Holdings Limited;
- Brilliant Bloom International Limited;
- Bright Champion International Limited;
- Central Race Global Limited;
- Ocean Access Holdings Limited;
- Affluent Ocean International Limited;
- Jumbo Ocean Development Limited;
- Ultra Smooth Limited;
- Keen Choice Limited;
- Mark Funds Limited; and
- Opulant Success Assets Limited.

None of the Restricted Subsidiaries existing on the Original Issue Date that are Subsidiaries organized under the laws of the PRC (the “PRC Non-Guarantor Subsidiaries”) will be Subsidiary Guarantors. In addition, none of Century East Group Limited, Multi Earing Limited, Smooth Land Limited, World Fair Development Limited, World On Development Limited, Graceful Sage Limited, Right Thrive Limited, Zenith

Scenery Limited, Abundant Leap Limited, Lucent Dragon Limited, True Trend Limited, Eternal Pride Limited, Pride Ridge Limited and The Center (58) Limited will be Subsidiary Guarantors on the Original Issue Date (the “Initial Offshore Non-Guarantor Subsidiaries”).

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC), promptly (and in any event within 30 days) after becoming a Restricted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture, pursuant to which such Restricted Subsidiary will guarantee the payment of the Notes on a senior basis as either a Subsidiary Guarantor or, if it so qualifies, a JV Subsidiary Guarantor, *provided that* such Restricted Subsidiary would not be required to register as an investment company under the U.S. Investment Company Act of 1940, as amended. 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.”

Notwithstanding the foregoing paragraph, the Company may elect to have any future Restricted Subsidiary (and its Restricted Subsidiaries) organized outside the PRC not provide a Subsidiary Guarantee at the time such entity becomes a Restricted Subsidiary (each an “Offshore Non-Guarantor Subsidiary” and, together with the PRC Non-Guarantor Subsidiaries and the Initial Offshore Non-Guarantor Subsidiaries, the “Non-Guarantor Subsidiaries”) so long as such Restricted Subsidiary does not Guarantee any other Indebtedness of the Company or any other Restricted Subsidiary; *provided that*, after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors (other than Exempted Subsidiaries) do not account for more than 20.0% of the Total Assets of the Company.

If any of Offshore Non-Guarantor Subsidiaries were to Guarantee any Indebtedness of the Company or any Subsidiary Guarantor after the Original Issue Date, such Offshore Non-Guarantor Subsidiary will be required to deliver to the Trustee, as soon as practicable and in any event within 30 days of entering into such Guarantee, a duly executed supplemental indenture to the Indenture pursuant to which such Offshore Non-Guarantor Subsidiary will Guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor. None of the Non-Guarantor Subsidiaries will at any time in the future provide a Subsidiary Guarantee or JV Subsidiary Guarantee. Moreover, no 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. Although the Indenture contains limitations on the amount of additional Indebtedness that Non-Guarantor Subsidiaries may incur, the amount of such additional Indebtedness could be substantial.

In addition, if, at any time, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors or JV Subsidiary Guarantors exceed 20.0% of the Total Assets, the Company must promptly (i) cause one or more Non-Guarantor Subsidiaries to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Non-Guarantor Subsidiaries will guarantee the payment of the Notes, (ii) designate one or more Non-Guarantor Subsidiaries as Unrestricted Subsidiaries or (iii) cause one or more Non-Guarantor Subsidiaries to pay dividends or make distributions on or with respect to their respective Capital Stock pro rata to their respective shareholders or on a basis more favorable to the Company, in the case of each of (i), (ii) and (iii) above, in accordance with the terms of the Indenture and such that the 20.0% limitation is complied with and will become Subsidiary Guarantors.

In the case of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, such Non-Guarantor Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company.

In the case of a Restricted Subsidiary (i) that is established after the Original Issue Date, (ii) that is incorporated in any jurisdiction other than the PRC and (iii) in respect of which an Independent Third Party owns no less than 20% and no more than 49.9% of the Capital Stock of such Restricted Subsidiary, the Company may provide a JV Subsidiary Guarantee (as defined below) instead of a Subsidiary Guarantee for (a) such Restricted Subsidiary and (b) the Subsidiaries of such Restricted Subsidiary that are organized in any jurisdiction other than the PRC, if the following conditions are satisfied or complied with:

- the Company and such JV Subsidiary Guarantor deliver to the Collateral Trustee:
 - (i) a duly executed Guarantees of such JV Subsidiary Guarantor and each Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC (each, a “JV Subsidiary Guarantee”), which provide, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;
 - (ii) a duly executed Security Document that pledges in favor of the Collateral Trustee the Capital Stock of such JV Subsidiary Guarantor held by the Company or any Subsidiary Guarantor, but not the Capital Stock of the direct or indirect Subsidiaries of such JV Subsidiary Guarantor;
 - (iii) an Officers’ Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
 - (iv) 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 Guarantors providing the JV Subsidiary Guarantees (subject to customary qualifications and assumptions);
- as of the date of execution of the JV Subsidiary Guarantee, after giving effect to the issuance or sale of Capital Stock in such JV Subsidiary Guarantor, the Non-Guaranteed Portion with respect to all of the JV Subsidiary Guarantors then existing and their respective Restricted Subsidiaries does not exceed 10% of Total Assets;
- as of the date of execution of the JV Subsidiary Guarantee, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or any of the Restricted Subsidiaries from providing such JV Subsidiary Guarantee or (b) requiring the Company or any of the Restricted Subsidiaries to deliver or keep in place a guarantee on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee.

As of December 31, 2019,

- the Company and its consolidated subsidiaries had total consolidated bank and other borrowings, corporate bonds and senior notes of approximately RMB55,668.5 million (US\$7,996.3 million) of which approximately RMB46,168.5 million (US\$6,631.7 million) was secured; and
- the Company and the Subsidiary Guarantors had secured bank and other borrowings of approximately RMB5,465.6 million (US\$785.1 million).

The Subsidiary Guarantee of each Subsidiary Guarantor:

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

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

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

In addition, subject to the limitations described in “Risk Factors – Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral,”

- the Subsidiary Guarantee of each Subsidiary Guarantor Pledgor will be secured by the Collateral, pledged by it as described below under the caption “– Security” and:
 - (i) will be entitled to a first priority Lien on the Collateral pledged by such Subsidiary Guarantor Pledgor shared on a *pari passu* basis with (i) holders of the 2022 Notes, (ii) holders of the 2023 Notes, (iii) holders of the 2021 Notes, (iv) holders of the 2021 II Notes, (v) holders of the 2022 II Notes, (vi) holders of the 2023 II Notes, (vii) lenders to the 2017 Dual Tranche Term Facility, (viii) holders of the 2024 Notes, (ix) lenders to the 2019 Term Loan Facility, (x) holders of the 2024 II Notes, (xi) holders of the 2025 Notes, (xii) holders of the 2026 Notes, (xiii) holders of the 2025 II Notes, (xiv) holders of the 2021 III Notes and (xv) holders of any Permitted *Pari Passu* Secured Indebtedness, if any, and subject to Permitted Liens; and
 - (ii) will rank effectively senior in right of payment to the unsecured obligations of such Subsidiary Guarantor Pledgor with respect to the value of the Collateral securing such Subsidiary Guarantee (subject to any priority rights of such unsecured obligations pursuant to applicable law); and

- the JV Subsidiary Guarantee of each JV Subsidiary Guarantor will not be secured (no JV Subsidiary Guarantor will pledge the shares that it holds in any Restricted Subsidiary).

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will jointly and severally guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes; *provided that* any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount. The Subsidiary Guarantors and the JV Subsidiary Guarantors will (1) agree that their respective obligations under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable,

- each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally; and
- each JV Subsidiary Guarantee will be limited to an amount which is the lower of (i) the JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can be guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

If a Subsidiary Guarantee or a JV Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, and, depending on the amount of such Indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee or a JV Subsidiary Guarantor's liability on its JV Subsidiary Guarantee, as the case may be, could in each case be reduced to zero.

The obligations of each Subsidiary Guarantor under its respective Subsidiary Guarantee and the enforceability of the Collateral granted in respect of the Subsidiary Guarantees of the Subsidiary Guarantor Pledgors may be limited, or possibly invalid, under applicable laws. Similarly, the obligations of each JV Subsidiary Guarantor under its respective JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See "Risk Factors – Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral – The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees."

Release of the Subsidiary Guarantees

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 the caption “– Defeasance – Defeasance and Discharge;”
- in the case of a Subsidiary Guarantee, upon the replacement of such Subsidiary Guarantee with a JV Subsidiary Guarantee in compliance with the terms of the Indenture;
- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture;
- upon the sale, disposition, merger or consolidation 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 is simultaneously released from its obligations in respect of any of the Company’s other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale or disposition are used for the purposes permitted or required by the Indenture; or
- in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor that becomes a Non-Guarantor Subsidiary in compliance with the terms of the Indenture.

In the case of a Subsidiary Guarantor or JV Subsidiary Guarantor with respect to which the Company or any of its Restricted Subsidiaries is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Subsidiary Guarantor or JV Subsidiary Guarantor, the Company may concurrently with the consummation of such sale or issuance of Capital Stock, provided that no Default has occurred and is continuing, (a) instruct the Trustee to release the Subsidiary Guarantees provided by such Subsidiary Guarantor or JV Subsidiary Guarantees provided by such JV Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, and upon such release such Subsidiary Guarantor or JV Subsidiary Guarantor and its Restricted Subsidiaries organized outside the PRC will become new Non-Guarantor Subsidiaries (such that each new Non-Guarantor Subsidiary will no longer guarantee the Notes) and (b) instruct the Collateral Trustee to (i) discharge the pledge of the Capital Stock granted by each such new Non-Guarantor Subsidiary and (ii) discharge the pledge of Capital Stock made by the Company or any Subsidiary Guarantor Pledgor over the shares it owns in each such new Non-Guarantor Subsidiary (in each case, without any requirement to seek the consent or approval of the Holders of the Notes), provided that after the release of such Subsidiary Guarantees or JV Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors or JV Subsidiary Guarantors (including the new Non-Guarantor Subsidiaries) do not account for more than 20% of the Total Assets of the Company. A Subsidiary Guarantee of a Subsidiary Guarantor or a JV Subsidiary Guarantee of a JV Subsidiary Guarantor may only be released pursuant to this paragraph if as of the date of such proposed release, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or any of the Restricted Subsidiaries

from releasing such Subsidiary Guarantee or JV Subsidiary Guarantee or (b) requiring the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor to deliver or keep in place a guarantee of other Indebtedness of the Company by such Subsidiary Guarantor or JV Subsidiary Guarantor.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officer's Certificate stating that all requirements relating to such release have been complied with and that such release is authorized and permitted by the Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released following the sale or issuance by the Company 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, immediately following such sale or issuance, the Company owns, directly or indirectly, not less than 50.1% and not more than 80% of the Capital Stock of such Subsidiary Guarantor, *provided that* the following conditions are satisfied or complied with:

- as of the date of such proposed release, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or any of the Restricted Subsidiaries from releasing such Subsidiary Guarantee, (b) prohibiting the Company or any of the Restricted Subsidiaries from providing such JV Subsidiary Guarantee or (c) requiring the Company 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 recipient of the JV Subsidiary Guarantee;
- such sale or issuance of Capital Stock is made to an Independent Third Party at a consideration that is not less than the Fair Market Value of such Capital Stock;
- concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC, 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 will be limited to the JV Entitlement Amount;
 - (ii) a duly executed Security Document that pledges in favor of the Trustee the Capital Stock of such JV Subsidiary Guarantor held by the Company or any Subsidiary Guarantor, but not the Capital Stock of the direct or indirect Subsidiaries of such JV Subsidiary Guarantor;
 - (iii) an Officers' Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
 - (iv) 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 the covenants described under the caption “Certain Covenants – Limitation on Asset Sales” and the caption “Certain Covenants – Limitation on Restricted Payments”.

Any Net Cash Proceeds from the sale of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the “Limitation on Asset Sales” covenant.

As of the date of the Indenture, all of the Company’s Subsidiaries will be “Restricted Subsidiaries.” However, under the circumstances described below under the caption “– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries,” the Company will be permitted to designate certain of its Subsidiaries as “Unrestricted Subsidiaries.” The Company’s Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Company’s Unrestricted Subsidiaries will not Guarantee the Notes.

Security

The Company, for the benefit of the Secured Parties, has pledged, caused or will cause the initial Subsidiary Guarantor Pledgors to pledge, as the case may be, the Capital Stock of all of the initial Subsidiary Guarantors (the “Collateral”) owned by the Company or the Subsidiary Guarantor Pledgors on a first priority basis (subject to Permitted Liens and *pari passu* sharing as described below) in order to secure the obligations of the Company and such initial Subsidiary Guarantors under the Debt Documents and of such initial Subsidiary Guarantor Pledgors under their Subsidiary Guarantees. The Company and the initial Subsidiary Guarantor Pledgors have:

- (a) executed one or more Security Documents granting to the Collateral Trustee for the benefit of the Secured Parties, first priority Liens (subject to any Permitted Liens and *pari passu* sharing as described below) (collectively, the “First Priority Lien”) on relevant Collateral, as required in the Indenture; and
- (b) taken all requisite steps under applicable laws and undertaken other customary procedures in connection with the granting and perfection (if relevant) of the First Priority Lien on relevant Collateral (subject to any Permitted Liens and *pari passu* sharing as described below).

The initial Subsidiary Guarantor Pledgors are Yuzhou International Holdings Company Limited, Hong Kong Fung Chow Investment Limited, Kim International Realty and Development Company Limited, Gangli Decoration Design Engineering Limited, Yuzhou Group (H.K.) Company Limited, Dollyway Investment Limited, Huge Crown International Limited, Great Bloom Holdings Limited, Fame Gain International Limited, Orient Prize Inc., Chuang Rui Trading Limited, Regal Choice International Limited, Rui Ying International Designs Limited, Sheng Qi Investment Consultants Company Limited, Best Ruler Investments Limited, Brilliant Bloom International Limited, Central Race Global Limited, Affluent Ocean International Limited and Ultra Smooth Limited. The Capital Stock pledged by the Company and the initial Subsidiary Guarantor Pledgors is that of the initial Subsidiary Guarantors, all of which are holding companies or special purpose companies that do not have significant operations or real property assets other than Capital Stock of the Non-Guarantor Subsidiaries.

None of the Capital Stock of the Non-Guarantor Subsidiaries will be pledged on the Original Issue Date or at any time in the future. In addition, none of the Capital Stock of any future Restricted Subsidiary that is organized under the laws of the PRC or that is owned directly by a Restricted Subsidiary organized under the

laws of the PRC will be pledged at any time in the future. If any JV Subsidiary Guarantor is established, the Capital Stock of such JV Subsidiary Guarantor owned by the Company or any Subsidiary Guarantor will be pledged to secure the obligations of the Company under the Notes and the Indenture, and of such Subsidiary Guarantor under its Subsidiary Guarantee, as the case may be, in the manner described above. However, none of the JV Subsidiary Guarantors will provide a Security Document pledging the Capital Stock of its direct or indirect Subsidiaries as security in favor of the Collateral Trustee.

The Company has also agreed, for the benefit of the Secured Parties, to pledge, or cause each Subsidiary Guarantor (other than a JV Subsidiary Guarantor, if any) to pledge, the Capital Stock owned by the Company or such Subsidiary Guarantor of any Person that becomes a Subsidiary Guarantor after the Original Issue Date, as soon as reasonably practicable after such Person becoming a Subsidiary Guarantor, to secure the obligations of the Company under the Debt Documents, and of such Subsidiary Guarantor Pledgor under its Subsidiary Guarantee, in the manner described above.

Each Subsidiary Guarantor that pledges capital stock of a Restricted Subsidiary after the Original Issue Date is referred to as a “Future Subsidiary Guarantor Pledgor” and, upon giving such pledge, will be a “Subsidiary Guarantor Pledgor.”

The Collateral will be shared on a *pari passu* basis by the Holders and (i) holders of the 2022 Notes, (ii) holders of the 2023 Notes, (iii) holders of the 2021 Notes, (iv) holders of the 2021 II Notes, (v) holders of the 2022 II Notes, (vi) holders of the 2023 II Notes, (vii) the lenders to the 2017 Dual Tranche Term Facility, (viii) holders of the 2024 Notes, (ix) lenders to the 2019 Term Loan Facility, (x) holders of the 2024 II Notes, (xi) holders of the 2025 Notes, (xii) holders of the 2026 Notes, (xiii) holders of the 2025 II Notes, (xiv) holders of the 2021 III Notes and (xv) holders of any future Permitted *Pari Passu* Secured Indebtedness, if any, and subject to Permitted Liens. Accordingly, in the event of a default on the Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2017 Dual Tranche Term Facility, the 2024 Notes, the 2019 Term Loan Facility, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes, the 2021 III Notes, if any, and subject to Permitted Liens or any Permitted *Pari Passu* Secured Indebtedness and a foreclosure on the Collateral, any foreclosure proceeds would be shared by the holders of secured indebtedness in proportion to the outstanding amounts of each class of secured indebtedness. The proceeds realizable from the Collateral securing the Notes and the Subsidiary Guarantees of the Subsidiary Guarantor Pledgors (as reduced by the obligations owed to other secured creditors under the Intercreditor Agreement) are unlikely to be sufficient to satisfy all obligations under the Notes and the Subsidiary Guarantees, and the Collateral may be reduced or diluted under certain circumstances, including the issuance of Additional Notes and Permitted *Pari Passu* Secured Indebtedness and the disposition of assets comprising the Collateral, subject to the terms of the Indenture. See “– Release of Security” and “Risk Factors – Risks Relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral – The value of the Collateral is unlikely to be sufficient to satisfy our obligations under the Notes.”

Deutsche Bank Trust Company Americas will initially act as the Trustee, the Collateral Trustee and the Intercreditor Agent under the Security Documents and the Intercreditor Agreement in respect of the security over the Collateral. The Collateral Trustee and the Intercreditor Agent, acting in their respective capacities as such, shall have such duties with respect to the Collateral as are set forth in the Indenture, the Intercreditor Agreement and the Security Documents. Under certain circumstances, the Trustee, the Collateral Trustee and the Intercreditor Agent may have obligations under the Security Documents or the Intercreditor Agreement that are in conflict with the interests of the Holders and the beneficiaries of the Secured Liabilities.

No appraisals of the Collateral have been prepared in connection with this offering of the Notes. There can be no assurance that the proceeds of any sale of the Collateral, in whole or in part, pursuant to the Indenture and the Security Documents following an Event of Default (as reduced by the obligations owed to

other secured creditors under the Intercreditor Agreement), would be sufficient to satisfy amounts due on the Notes or the Subsidiary Guarantees of the Subsidiary Guarantor Pledgors. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral would be sold in a timely manner or at all.

So long as no Payment Default has occurred and is continuing, and subject to the terms of the Security Documents and the Indenture, the Company and the Subsidiary Guarantor Pledgors, as the case may be, will be entitled to exercise any and all voting rights and to receive, retain and use any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares or stock resulting from stock splits or reclassifications, rights issues, warrants, options and other distributions (whether similar or dissimilar to the foregoing) in respect of Capital Stock constituting Collateral.

Permitted *Pari Passu* Secured Indebtedness

On or after the Original Issue Date, the Company and each Subsidiary Guarantor Pledgor may create Liens on the Collateral *pari passu* with the Liens for the benefit of the Holders to secure Indebtedness of the Company (including Additional Notes), any Indebtedness of a Subsidiary Guarantor guaranteed by the Company and any *Pari Passu* Subsidiary Guarantee of a Subsidiary Guarantor Pledgor with respect to such Indebtedness (such Indebtedness of the Company, any Subsidiary Guarantor and any Subsidiary Guarantor Pledgor, “Permitted *Pari Passu* Secured Indebtedness”); *provided that* (1) the Company or such Subsidiary Guarantor Pledgor was permitted to Incur such Indebtedness under the covenant under the caption “– Limitation on Indebtedness and Preferred Stock” and the (2) the holders of such Indebtedness (or their representative), other than Additional Notes, become party to the Intercreditor Agreement referred to below; the agreement in respect of such Indebtedness contains provisions with respect to releases of Collateral and such *Pari Passu* Subsidiary Guarantee substantially similar to and no more restrictive on the Company and such Subsidiary Guarantor Pledgor than the provisions of the Indenture and the Security Documents; and the Company and such Subsidiary Guarantor Pledgor deliver to the Collateral Trustee an Opinion of Counsel and Officer’s Certificate with respect to compliance with the conditions stated immediately above and other corporate and collateral matters in connection with the Security Documents, in form and substance as set forth in the Security Documents. The Trustee and/or the Collateral Trustee, as the case may be, will be permitted and authorized, without the consent of any Holder, to enter into any amendments to the Security Documents or the Indenture and take any other action necessary to permit the creation and registration of Liens on the Collateral to secure Permitted *Pari Passu* Secured Indebtedness in accordance with this paragraph (including, without limitation, the appointment of any other collateral trustee or agent under the Intercreditor Agreement to hold the Collateral on behalf of, among others, (i) the Holders, (ii) the holders of the 2022 Notes, (iii) the holders of the 2023 Notes, (iv) holders of the 2021 Notes, (v) holders of the 2021 II Notes, (vi) holders of the 2022 II Notes, (vii) holders of the 2023 II Notes, (viii) the lenders to the 2017 Dual Tranche Term Facility, (ix) the holders of the 2024 Notes, (x) the lenders to the 2019 Term Loan Facility, (xi) the holders of the 2024 II Notes, (xii) the holders of the 2025 Notes, (xiii) the holders of the 2026 Notes, (xiv) the holders of the 2025 II Notes, (xv) the holders of the 2021 III Notes and (xvi) holders of Permitted *Pari Passu* Secured Indebtedness).

None of the Trustee, the Collateral Trustee, the Intercreditor Agent or any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Collateral securing the Notes, for the legality, enforceability, effectiveness or sufficiency of the Security Documents or the Intercreditor Agreement, for the creation, perfection, priority, sufficiency or protection of any of the Liens, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or Security Documents or any delay in doing so, except to the extent of any gross negligence or willful misconduct of the Trustee, the Collateral Trustee or the Intercreditor Agent.

Except for certain Permitted Liens and the Permitted Pari Passu Secured Indebtedness, the Company and its Restricted Subsidiaries will not be permitted to issue or Incur any other Indebtedness secured by all or any portion of the Collateral without the consent of each Holder of the Notes then outstanding.

Intercreditor Agreement

The 2022 Notes Trustee, the 2023 Notes Trustee, the 2021 Notes Trustee, the 2021 II Notes Trustee, the 2022 II Notes Trustee, the 2023 II Notes Trustee, the agent of the lenders to the 2017 Dual Tranche Term Facility, the 2024 Notes Trustee, the agent of the lenders to the 2019 Term Loan Facility, the 2024 II Notes Trustee, the 2025 Notes Trustee, the 2026 Notes Trustee, the 2025 II Notes Trustee, the 2021 III Notes Trustee, the Collateral Trustee, the Intercreditor Agent, the Company and the Subsidiary Guarantor Pledgors, among others, have entered into an intercreditor agreement dated December 15, 2010 (as supplemented by supplements dated January 24, 2014, December 1, 2014, September 15, 2016, October 25, 2016, January 25, 2017, November 1, 2017, March 6, 2018, May 11, 2018, January 15, 2019, February 4, 2019, February 26, 2019, October 16, 2019, October 30, 2019, November 27, 2019, January 13, 2020, February 20, 2020, June 12, 2020 and as supplemented or amended from time to time, the “Intercreditor Agreement”), pursuant to which the Collateral Trustee has agreed to act as collateral trustee for the holders of the 2022 Notes, the holders of the 2023 Notes, the holders of the 2021 Notes, the holders of the 2021 II Notes, the holders of the 2022 II Notes, the holders of the 2023 II Notes, the lenders to the 2017 Dual Tranche Term Facility, the holders of the 2024 Notes, the lenders to the 2019 Term Loan Facility, the holders of the 2024 II Notes, the holders of the 2025 Notes, the holders of the 2026 Notes, the holders of the 2025 II Notes, the holders of the 2021 III Notes and holders of any Permitted Pari Passu Secured Indebtedness incurred after the date thereof or their trustee, agent or representative with respect to the Collateral securing the obligations under the Debt Documents.

On the Original Issue Date, the Trustee will execute a supplement and become a party to the Intercreditor Agreement, at which time the Trustee will become a Secured Party under the Intercreditor Agreement and the obligations under the Notes and the Subsidiary Guarantees will become Secured Liabilities under the Intercreditor Agreement.

The Intercreditor Agreement provides, among other things, (1) that the Secured Liabilities shall rank *pari passu* among themselves and the Liens on the Collateral securing the Secured Liabilities shall rank *pari passu* among themselves; (2) for the conditions under which any Lien on such Collateral may be released; and (3) for the conditions under which the Collateral Trustee will take enforcement actions with respect to such Collateral described below under the caption “– Enforcement of Security.”

In order to be treated as Permitted Pari Passu Secured Indebtedness (other than Additional Notes), the Company will procure that the holders of any Permitted Pari Passu Secured Indebtedness (other than holders of Additional Notes), or their trustee, agent or representative, will execute and deliver a supplement, which shall be in a form substantially similar to the form of applicable supplement as prescribed by the Intercreditor Agreement, to become parties to the Intercreditor Agreement.

Enforcement of Security

The first priority Liens securing the Secured Liabilities have been granted to the Collateral Trustee, subject to the terms under the Intercreditor Agreement. The Collateral Trustee for itself and the creditors under the Debt Documents holds such Liens in the Collateral granted pursuant to the Security Documents with sole authority as directed by the written instruction of the Secured Parties holding a majority in aggregate of the principal amount of the Secured Liabilities to exercise remedies under the Security Documents. The Collateral Trustee has agreed to act as secured party on behalf of the creditors under the Debt Documents under the applicable Security Documents, to follow the instructions provided to it by the Majority Secured Parties and to carry out certain other duties as set forth in the Intercreditor Agreement. The Trustee will give instructions to the Collateral Trustee in accordance with instructions it receives from the Holders under the Indenture. The Intercreditor Agreement provides that the Collateral Trustee will enforce the Collateral in accordance with a written direction by one or more Secured Parties holding at least twenty-five percent (25%) in aggregate principal amount of the outstanding Secured Liabilities.

Furthermore, the Intercreditor Agreement provides that, subject to the rights of any creditor with prior security or any preferential claim under applicable laws, the proceeds of enforcement of any Collateral under the Security Documents will be applied as follows:

firstly, pro-rata, in or towards payment of any unpaid fees, costs and expenses of the Collateral Trustee, the Intercreditor Agent, the Trustee, the 2022 Notes Trustee, the 2023 Notes Trustee, the 2021 Notes Trustee, the 2021 II Notes Trustee, the 2022 II Notes Trustee, the 2023 II Notes Trustee, the agent of the lenders to the 2017 Dual Tranche Term Facility, the 2024 Notes Trustee, the agent of the lenders to the 2019 Term Loan Facility, the 2024 II Notes Trustee, the 2025 Notes Trustee, the 2026 Notes Trustee, the 2025 II Notes Trustee, the 2021 III Notes Trustee, the trustee, agent or other representative of the holders under any Permitted Pari Passu Secured Indebtedness Document and any receiver, attorney or agent appointed under the Secured Party Documents;

secondly, pro-rata, in or towards payment of accrued but unpaid interest on the Secured Liabilities;

thirdly, pro-rata, in or towards payment of unpaid principal of the Secured Liabilities;

fourthly, to any make-whole premium or any other premium payable pursuant to the Secured Party Documents;

fifthly, pro rata, to the payment of all outstanding Secured Liabilities, until all outstanding Secured Liabilities shall have been paid in full; and

lastly, any surplus remaining after such payments, to the Company or the Subsidiary Guarantor Pledgors or their successors or assigns, or to whomever may be lawfully entitled thereto.

The Collateral Trustee may refrain from acting in accordance with the instructions of the Secured Parties until it has received security satisfactory to it against any liability or loss which it may incur in complying with the instructions. In addition, the Collateral Trustee's ability to foreclose on the Collateral may be subject to lack of perfection, the consent of third parties, prior Liens and practical problems associated with the realization of the Collateral Trustee's Liens on the Collateral.

Neither the Collateral Trustee nor the Trustee nor any of its officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Collateral securing the Secured Liabilities, for the legality, enforceability, effectiveness or sufficiency of the Security Documents or the Intercreditor Agreement, for the creation, perfection, priority, sufficiency or protection of

any of the Liens, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or Security Documents or any delay in doing so. Nor will the Collateral Trustee be responsible for (i) the right or title of any person in or to, or the value of, or sufficiency of any part of the Collateral created by the Security Documents; (ii) the priority of any Lien on the Collateral created by the Security Documents; or (iii) the existence of any other Lien affecting any asset secured under a Security Document.

The Intercreditor Agreement and Security Documents provide that the Company and the Subsidiary Guarantor Pledgors shall forthwith on demand indemnify the Collateral Trustee for any liability, damage, cost, expense or loss incurred by the Collateral Trustee in any way relating to or arising out of its acting as the Collateral Trustee, except to the extent that the liability, damage, cost, expense or loss arises directly from the Collateral Trustee's gross negligence or wilful misconduct.

This section, "– Enforcement of Security," shall be subject to any amendments to the Security Documents or the Indenture to permit the creation of Liens on the Collateral to secure Permitted Pari Passu Secured Indebtedness in accordance with "– Permitted Pari Passu Secured Indebtedness" above.

Release of Security

The security created in respect of the Collateral granted under the Security Documents may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon defeasance and discharge of the Notes as provided below under the caption "– Defeasance – Defeasance and Discharge;"
- upon certain dispositions of the Collateral in compliance with the covenants under the captions "– Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries" or "– Limitation on Asset Sales" or in accordance with the provision under the caption "– Consolidation, Merger and Sale of Assets;"
- with respect to security granted by a Subsidiary Guarantor Pledgor, upon the release of the Subsidiary Guarantee or the JV Subsidiary Guarantee of such Subsidiary Guarantor Pledgor in accordance with the terms of the Indenture;
- with respect to any pledge over any Capital Stock of any Subsidiary Guarantor or JV Subsidiary Guarantor, upon such Subsidiary becomes a Non-Guarantor Subsidiary in accordance with the terms of the Indenture; and
- in connection with and upon execution of a JV Subsidiary Guarantee, all pledges of Capital Stock granted by the JV Subsidiary Guarantor and its direct and indirect Subsidiaries shall be released.

Further Issues

Subject to the covenants described below, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and JV Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a "Further Issue") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as

one class on all matters with respect to the Notes; *provided that* the issuance of any such Additional Notes shall then be permitted under the “Limitation on Indebtedness and Preferred Stock” covenant described below and the other provisions of the Indenture.

Optional Redemption

At any time and from time to time on or after August 12, 2024, the Company may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on August 12 of each of the years indicated below:

Period	Redemption Price
2024	103.0%
2025 and thereafter	101.0%

At any time prior to August 12, 2024, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

At any time and from time to time prior to August 12, 2024, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 107.85% the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided that* at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

The Company will give not less than 30 days’ nor more than 60 days’ notice of any redemption. If less than all of the Notes are to be redeemed at any time, the Registrar will select Notes for redemption as follows:

1. if the Notes are listed on any recognized securities exchange, in compliance with the requirements of the principal recognized securities exchange on which the Notes are listed; or
2. if the Notes are not listed on any recognized securities exchange, on a pro rata basis, by lot or by such method as the Registrar deems fair and appropriate.

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. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control Triggering Event

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

The Company has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes will also constitute an event of default under certain debt instruments of the Company and its Subsidiaries. Under the agreement governing the 2019 Term Loan Facility, failure by the Company to procure that Mr. Lam Lung On and Ms. Kwok Ying Lan maintain an ultimate beneficial shareholding of not less than 51% of the Company is an event of default. Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of such purchase on the Company. The Company's ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Company's and the Subsidiary Guarantor'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 – We may not be able to repurchase the Notes upon a Change of Control Triggering Event."

On the Offer to Purchase Payment Date, the Company shall to the extent lawful: (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (b) deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted; and (c) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee or an authenticating agent shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided that* each Note purchased and each new Note issued shall be in a principal amount of US\$200,000 or integral multiples of US\$1,000. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture governing the Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

The Company will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Company and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring

the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

The definition of Change of Control includes a phrase relating to the sale of “all or substantially all” the assets of the Company. Although there is a limited body of case law interpreting the phrase “substantially all,” no precise definition of the phrase has been established. Accordingly, the ability of a Holder to require the Company to repurchase such Holder’s Notes as a result of a sale of less than all the assets of the Company to another person or group is uncertain and will be dependent upon particular facts and circumstances.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium (if any) and interest on the Notes or under the Subsidiary Guarantees or JV Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, a Surviving Person (as defined under the caption “– Consolidation, Merger and Sale of Assets”), an applicable Subsidiary Guarantor or an applicable 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”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, a Surviving Person, the applicable Subsidiary Guarantor or the applicable 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, a Subsidiary Guarantee or a JV Subsidiary Guarantee, as the case may be, of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

1. for or on account of:
 - (a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (i) the existence of any present or former connection between the Holder or beneficial owner of such Note or Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, and the Relevant 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 Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;
 - (ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or

was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

- (iii) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person or any Subsidiary Guarantor or JV Subsidiary Guarantor addressed to the Holder or beneficial owner, as the case may be, to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder;
 - (vi) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant 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 Internal Revenue Code of 1986, as amended ("FATCA"), any current or future Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction pursuant to the implementation of FATCA, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement with respect thereto, or any other agreement pursuant to the implementation of FATCA; or
 - (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 Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee or JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders and upon reasonable notice in advance of such notice to Holders to the Trustee and the Paying Agent and Transfer Agent (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 Company or the Surviving Person, as the case may be, for redemption (the “Tax Redemption Date”) if, as a result of:

1. any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or
2. any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective or, in the case of an official position, is announced (i) on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person that is organized or tax resident in a jurisdiction that is not a Relevant Jurisdiction as of the Original Issue Date, on or after the date such Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person becomes a Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be; *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

1. an Officers’ Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and
2. an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

1. The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Company will not permit any Restricted Subsidiary to issue Preferred Stock, *provided that* the Company and any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any other Restricted Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would not be less than 2.0 to 1.0. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock of Restricted Subsidiaries held by the Company or a Subsidiary Guarantor, so long as it is so held).
2. Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following (“Permitted Indebtedness”):
 - (a) Indebtedness under the Notes (excluding any Additional Notes and any Permitted Pari Passu Secured Indebtedness of the Company) and each Subsidiary Guarantee and JV Subsidiary Guarantee;
 - (b) any Pari Passu Subsidiary Guarantees by any Subsidiary Guarantor or JV Subsidiary Guarantor;
 - (c) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (d); *provided that* such Indebtedness of Restricted Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness;
 - (d) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; *provided that* (i) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (d); and (ii) if the Company or any Subsidiary Guarantor or any JV Subsidiary Guarantor is the obligor on such Indebtedness, such Indebtedness must be unsecured and be expressly subordinated in right of payment to the Notes, in the case of the Company, or the Subsidiary Guarantee of such Subsidiary Guarantor, in the case of a Subsidiary Guarantor, or the JV Subsidiary Guarantee, in the case of a JV Subsidiary Guarantor;
 - (e) Indebtedness (“Permitted Refinancing Indebtedness”) issued in exchange for, or the net proceeds of which are used to refinance or refund, then outstanding Indebtedness Incurred under the immediately preceding paragraph (1) or clauses (a), (b), (c), (h), (o), (p), (r), (s) or (t) of this paragraph (2) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); *provided that* Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (e) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new

Indebtedness is outstanding, is *pari passu* with, or expressly made subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded, (iii) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor and (iv) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor;

- (f) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations entered into in the ordinary course of business designed to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;
- (g) Pre-Registration Mortgage Guarantees by the Company or any Restricted Subsidiary;
- (h) Indebtedness Incurred by the Company or any Restricted Subsidiary for the purpose of financing (x) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or a Restricted Subsidiary in the Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such real or personal property or equipment which will, upon acquisition, become a Restricted Subsidiary, or (y) all or any part of the purchase price or the cost of development, construction or improvement of real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or such Restricted Subsidiary in the Permitted Business; *provided that* in the case of 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 sum of (1) the aggregate principal amount outstanding of all Indebtedness permitted solely by this clause (h) (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under this clause (h) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount), plus (2) the aggregate principal amount outstanding of all Indebtedness permitted under clauses (p), (r), (s) and (t) below (together with refinancing thereof, but excluding any Contractor Guarantee Incurred under clauses (p), (r), (s) and (t) below to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 35% of Total Assets;

- (i) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);
- (j) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit or trade guarantees issued in the ordinary course of business to the extent that such letters of credit or trade guarantees are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;
- (k) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; *provided that* the maximum aggregate liability in respect of all such Indebtedness in the nature of such Guarantee shall at no time exceed the gross proceeds actually received from the 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) (i) Guarantees by the Company or any Subsidiary Guarantor of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant (but excluding Guarantees of Indebtedness of any Offshore Non-Guarantor Subsidiary and any New Non-Guarantor Restricted Subsidiary for so long as such entity is not a Subsidiary Guarantor) or (ii) Guarantees by any Restricted Subsidiary of Indebtedness of another Restricted Subsidiary that was permitted to be Incurred under clause (f) or (h) above or clause (n) below of this Indenture or (iii) Guarantees by any JV Subsidiary Guarantor of Indebtedness of any other JV Subsidiary Guarantor that is a direct or indirect Subsidiary or parent of such JV Subsidiary Guarantor, which Indebtedness was permitted to be Incurred by another provision of this covenant;
- (n) Indebtedness of the Company or any Restricted Subsidiary maturing within one year or less; *provided that* the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding does not exceed US\$30.0 million (or the Dollar Equivalent thereof);
- (o) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$25.0 million (or the Dollar Equivalent thereof);
- (p) Indebtedness of the Company or a PRC Restricted Subsidiary arising from a Guarantee or grant of a Lien in favor of an Insurance Company Investor with respect to the obligation of a Subsidiary of such PRC Restricted Subsidiary in which such Insurance Company Investor holds or acquires a minority equity interest that will pay a guaranteed or preferred return to

such Insurance Company Investor or any Preferred Stock issued by such Subsidiary of the PRC Restricted Subsidiary in connection therewith, *provided that* on the date of such Incurrence of Indebtedness and after giving effect thereto, the sum of (1) the aggregate amount of all Indebtedness permitted and then outstanding under this clause (p) plus (2) the aggregate principal amount outstanding of all Indebtedness permitted under clause (h) above and clauses (r), (s) and (t) below (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) above or any Guarantee Incurred under clauses (r), (s) and (t) below 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) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock in a Restricted Subsidiary pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into such Staged Acquisition Agreement.
- (r) Indebtedness Incurred the Company or by Restricted Subsidiaries constituting Bank Deposit Secured Indebtedness; *provided that* on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate amount outstanding of all Indebtedness permitted under this clause (r) (together with refinancings thereof, but excluding any Guarantee Incurred under this clause (r) to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness permitted under clauses (h) and (p) above and clause (s) and (t) below (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) above or any Guarantee Incurred under clause (p) above and clauses (s) and (t) below to the extent the amount of such Contractor Guarantee or Guarantee, as the case may be, is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets;
- (s) Indebtedness Incurred by the Company or any Restricted Subsidiary which is secured by Investment Properties or PRC Subsidiaries that own Investment Properties, and Guarantees thereof by the Company or any such Restricted Subsidiary (other than any security or Guarantee by a PRC Restricted Subsidiary of the Indebtedness of a non-PRC Restricted Subsidiary); *provided that* on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (s) (together with refinancings thereof, but excluding any Guarantee Incurred under this clause (s) to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness permitted under clauses (h), (p) and (r) above and clause (t) below (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) above or any Guarantee Incurred under clauses (p) and (r) above and clause (t) below to the extent the amount of such Contractor Guarantee or Guarantee, as the case may be, is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets; and
- (t) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (ii) otherwise in

contemplation of a Person becoming a Restricted Subsidiary or any such acquisition); *provided that* on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (t) (together with refinancings thereof, but excluding any Guarantee Incurred under this clause (t) to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness permitted under clauses (h), (p), (r) and (s) above (together with refinancings thereof, but excluding any Contractor Guarantee Incurred under clause (h) above or any Guarantee Incurred under clauses (p), (r) and (s) above to the extent the amount of such Contractor Guarantee or Guarantee, as the case may be, is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets.

3. For purposes of determining compliance with this “Limitation on Indebtedness and Preferred Stock” covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first paragraph of part (1), the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types.
4. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred or Preferred Stock that may be issued pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as “Restricted Payments”):

1. declare or pay any dividend or make any distribution on or with respect to the Company’s or any of its Restricted Subsidiaries’ Capital Stock (other than dividends or distributions payable solely in shares of the Company’s or any of its Restricted Subsidiaries’ Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Wholly Owned Restricted Subsidiary;
2. purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) or any direct or indirect parent of the Company held by any Persons other than the Company or any Wholly Owned Restricted Subsidiary, other than (i) the purchase of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement permitted to be entered into under the Indenture or (ii) the purchase of Capital Stock of a Restricted Subsidiary held by any Insurance Company Investor permitted to be entered into under the Indenture;
3. make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any of the Subsidiary Guarantees or any of the JV Subsidiary Guarantees (excluding any intercompany Indebtedness between or among the Company and any Subsidiary Guarantor); or

4. make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

- (a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;
- (b) the Company could not Incur at least US\$1.00 of Indebtedness under the proviso in the first paragraph of part (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 Company and its Restricted Subsidiaries after the Original Issue Date, shall exceed the sum of:
 - (i) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the first fiscal quarter of 2010 and ending on the last day of the Company’s most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); plus
 - (ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Original Issue Date (1) as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, (2) from the conversion of any Indebtedness or Disqualified Stock of the Company or any Restricted Subsidiary that is converted or exchanged into Capital Stock (other than Disqualified Stock) of the Company, or (3) from the exercise by a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock); plus
 - (iii) the amount by which Indebtedness of the Company or any of its Restricted Subsidiaries is reduced on the Company’s consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Original Issue Date of any Indebtedness of the Company or any of its Restricted Subsidiaries converted or exchanged into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); provided, however, that the foregoing amount shall not exceed the Net Cash Proceeds received by the Company or any Restricted Subsidiary from the sale of such Indebtedness (excluding Net Cash Proceeds from sales to the Company or a Subsidiary of the Company or to an employee stock ownership plan or to a trust established by the Company or any of its Subsidiaries for the benefit of their employees); plus
 - (iv) an amount equal to the sum of:
 - (1) the net reduction in Investments (that were treated as a Restricted Payment) in any Person other than the Company or a Restricted Subsidiary resulting from (x) dividends, repayments of loans or advances or other transfers of property, in each

case to the Company or any Restricted Subsidiary from such Person, (y) the unconditional release of a Guarantee (to the extent such Guarantee, when given, constituted a Restricted Payment) provided by the Company or a Restricted Subsidiary or (z) to the extent that an Investment made after the Original Issue Date (that was treated as a Restricted Payment) is sold or otherwise liquidated or repaid for cash, the lesser of (a) the cash return of capital with respect to such Investment (less the cost of disposition, if any) and (b) the initial amount of such Investment, plus

- (2) the portion (proportionate to the Company's equity interest in such Unrestricted Subsidiary) of the Fair Market Value of the net assets of an Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary; provided, however, that the foregoing sum shall not exceed, in the case of any Person, the amount of Investments previously made (and treated as a Restricted Payment) by the Company or any Restricted Subsidiary in such Person, and provided further, that no amount will be included under this clause (iv) to the extent it is already included in Consolidated Net Income as described in clause (i) of this paragraph; plus

(v) US\$25.0 million (or the Dollar Equivalent thereof).

The foregoing provision shall not be violated by reason of:

1. the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
2. the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
3. the redemption, repurchase or other acquisition of Capital Stock of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantors (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or Capital Stock (other than Disqualified) of any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided that* the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph provided however that any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (3);
4. the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or Capital Stock (other than Disqualified Stock) of 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 payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favorable to the Company, to all holders of any class of Capital Stock of such Restricted Subsidiary, a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Company;
6. the purchase of Capital Stock of a Person pursuant to a Staged Acquisition Agreement;
7. dividends paid to, or the purchase of Capital Stock of any Restricted Subsidiary held by, any Investment Company Investor in respect of any Indebtedness outstanding on the Original Issue Date or permitted to be Incurred under clause (2)(p) of the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock”;
8. the purchase by the Company or a Restricted Subsidiary of Capital Stock of any Restricted Subsidiary that is not Wholly Owned, directly or indirectly, by the Company from an Independent Third Party pursuant to an agreement entered into between or among the Company or any Restricted Subsidiary and such Independent Third Party solely for the purpose of acquiring real property or land use rights, *provided that* (x) such purchase occurs within 24 months after such Restricted Subsidiary acquires the real property or land use rights it was formed to acquire and (y) the Company delivers to the Trustee a Board Resolution set forth in an Officers’ Certificate confirming that, in the opinion of the Board of Directors, the purchase price of such Capital Stock is less than or equal to the Fair Market Value of such Capital Stock; *provided further* that the aggregate principal amount paid by the Company or its Restricted Subsidiaries for any purchase made pursuant to this clause (5) does not exceed an amount equal to 3% of Total Assets. The Trustee shall be entitled to rely on such certificate and opinion without investigating the accuracy, authenticity and validity of those certifications and without any liability or responsibility to any person; or
9. the declaration and payment of dividends by the Company with respect to any financial year up to an aggregate amount not to exceed 20% of the Company’s consolidated net profit in such financial year; *provided that* the conditions of clauses (4)(a) and (4)(c) of the first paragraph of this “Limitation on Restricted Payments” would not be violated as a consequence of such declaration and payment of dividends;

provided that, in the case of clause (2), (3) or (4) 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 permitted pursuant to clause (1) or (5) (but only to the extent that dividends are paid to persons other than the Company or a Restricted Subsidiary) of the preceding paragraph shall be included in calculating whether the conditions of clause (c) of the first paragraph of this “Limitation on Restricted Payments” covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of

Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities 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), the Company will deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "– Limitation on Restricted Payments" covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

1. Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (a) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;
 - (b) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;
 - (c) make loans or advances to the Company or any other Restricted Subsidiary; or
 - (d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary;

provided that for the avoidance of doubt the following shall not be deemed to constitute such an encumbrance or restriction: (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis.

2. The provisions of paragraph (1) do not apply to any encumbrances or restrictions:
 - (a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture, the Security Documents, or under any Permitted Pari Passu Secured Indebtedness of the Company or any Subsidiary Guarantor Pledgor, Pari Passu Subsidiary Guarantee of any Subsidiary Guarantor or JV Subsidiary Guarantor, and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided that* the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (b) existing under or by reason of applicable law, rule, regulation or order;

- (c) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided that* the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
- (d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, or (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture, or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;
- (e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the “– Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “– Limitation on Indebtedness and Preferred Stock” and “– Limitation on Asset Sales” covenants;
- (f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted under clauses (2)(h), (n), (o), (p), (r), (s) or (t) of the “Limitation on Indebtedness and Preferred Stock” covenant if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make required payment on the Notes and, with respect to 2(h) and 2(o), 2(p), 2(r), 2(s) and 2(t), any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided that* the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
- (g) existing in customary provisions in joint venture agreements and other similar agreements permitted under the Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a joint venture or similar agreement of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Company to make the required payments on the Notes, or (y) the ability of any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee; or

- (h) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancing, renewals or replacements thereof; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

1. to the Company or a Wholly Owned Restricted Subsidiary;
2. to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;
3. the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "Certain Covenants – Limitation on Restricted Payments" covenant if made on the date of such issuance or sale and *provided that* the Company complies with the "– Limitation on Asset Sales" covenant; or
4. the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); *provided that* the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "– Limitation on Asset Sales" covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("Guaranteed Indebtedness") of the Company or any other Restricted Subsidiary, unless (1) (a) such Restricted Subsidiary, simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee until the Notes have been paid in full or (2) such Guarantee and such Guaranteed Indebtedness are permitted by clauses (2)(c), (d), (m)(ii), (s) (other than, in the case of clause (m)(ii) or (s), a Guarantee by a PRC Restricted Subsidiary of the Indebtedness of a non-PRC Restricted Subsidiary) or (r) (in the case of clause (2)(r), with respect to the Guarantee provided by the Company or any Restricted Subsidiary through the pledge of assets or cash deposits or bank accounts to secure (or the use of any Guarantee, letter of credit or similar instrument to Guarantee) any Indebtedness

permitted under those clauses) under the caption “– Limitation on Indebtedness and Preferred Stock.” Notwithstanding any provision to the contrary in the Indenture, no JV Subsidiary Guarantor shall guarantee any Indebtedness of the Company or any Subsidiary Guarantor other than a JV Subsidiary Guarantee of the Indebtedness under the Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2017 Dual Tranche Term Facility, the 2024 Notes, the 2019 Term Loan Facility, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes, the 2021 III Notes or of Permitted *Pari Passu* Secured Indebtedness.

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, or (2) is subordinated in right of payment to the Notes or any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee or the JV Subsidiary Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee.

The Company will not permit any JV Subsidiary Guarantor, directly or indirectly, to guarantee any Indebtedness of the Company or any other Restricted Subsidiary unless the aggregate claims of the creditor under such guarantee will be limited to the JV Entitlement Amount. If any JV Subsidiary Guarantor guarantees any Indebtedness of the Company or any other Restricted Subsidiary where the aggregate claims of the creditor under such guarantee exceeds the JV Entitlement Amount, such JV Subsidiary Guarantee shall be replaced with a Subsidiary Guarantee given by a Subsidiary Guarantor.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an “Affiliate Transaction”), unless:

1. the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company or such Restricted Subsidiary; and
2. the Company delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers’ Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view or confirming that the terms of such Affiliate Transaction are no less favorable

to the Company or the relevant Restricted Subsidiary than terms available to (or from, as applicable) a Person that is not an Affiliate of the Company or a Restricted Subsidiary 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 to directors of the Company who are not employees of the Company;
2. transactions between or among the Company and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;
3. any Restricted Payment of the type described in clauses (1), (2) or (3) of the first paragraph of the covenant described above under the caption “Certain Covenants – Limitation on Restricted Payments” if permitted by that covenant;
4. any sale of Capital Stock (other than Disqualified Stock) of the Company; and
5. the payment of compensation to officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option scheme, so long as such scheme is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited, which as of the Original Issue Date require a majority shareholder approval for any such scheme.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (other than Permitted Investments) not prohibited by the “– Limitation on Restricted Payments” covenant, (ii) transactions pursuant to agreements in effect on the Original Issue Date and described in this offering memorandum, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date and (iii) any transaction between or among any of the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary; *provided that* in the case of clause (iii), (a) such transaction is entered into in the ordinary course of business and (b) none of the minority shareholders or minority partners of or in such Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being a shareholder, officer or director of such Restricted Subsidiary).

Limitation on Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien on the Collateral (other than Permitted Liens).

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind (other than the Collateral), 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 Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale and Leaseback Transaction; *provided that* the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

1. the Company or such Restricted Subsidiary, as the case may be, could have (a) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the first paragraph of 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 “under “– Limitation on Liens,” in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;
2. the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and
3. the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company or such Restricted Subsidiary, as the case may be, applies the proceeds of such transaction in compliance with, the covenant described below under the caption “– Limitation on Asset Sales.”

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

1. no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;
2. the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and
3. at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided that* in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Company’s most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary from further liability; and
 - (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion;

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

1. permanently repay Senior Indebtedness of the Company or a Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce permanently commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or
2. acquire Replacement Assets.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) and (2) in the immediately preceding paragraph will constitute "Excess Proceeds." Excess Proceeds of less than US\$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed US\$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

1. accumulated Excess Proceeds, multiplied by
2. a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest US\$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

On the Offer to Purchase Payment Date, the Company shall to the extent lawful: (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (b) deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted; and (c) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee or an authenticating agent shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided that* each Note purchased and each new Note issued shall be in a principal amount of US\$200,000 or integral multiples of US\$1,000. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture governing the Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

The Company will not be required to make an Offer to Purchaser if a third party makes the Offer to Purchase in compliance with the requirements set forth in the indenture applicable to an Offer to Purchase made by the Company and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered in such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee or the Registrar will select the Notes to be purchased on a pro rata basis. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on the Company's Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than a Permitted Business; provided, however, that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited when made by the covenant under the caption "Certain Covenants – Limitation on Restricted Payments."

Use of Proceeds

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than (1) in the approximate amounts and for the purposes specified, including any adjustment in response to changes in acquisition or development plans as contemplated, under the caption "Use of Proceeds" in this offering memorandum and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided that* (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) neither the Company nor any Restricted Subsidiary provides credit support for the Indebtedness of such Restricted Subsidiary; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under the caption "– Limitation on Indebtedness and Preferred Stock" or such Lien would violate the covenant described under the caption "– Limitation on Liens"; (5) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; and (6) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under the caption "– Limitation on Restricted Payments."

Notwithstanding the immediately preceding paragraph, the Board of Directors may at any time designate one or more of its Subsidiaries engaged in businesses other than the PRC property development business (the “Non-Core Business”) to be an Unrestricted Subsidiary at any time and without such designation being treated as a Restricted Payment, *provided that* (a) no Default shall have occurred and be continuing as of the date of or after giving effect to such designation under this clause, (b) the Company shall have a bona fide plan to effect a Qualified IPO of the company which operates the Non-Core Business (or its holding company) (the “Listing Vehicle”) within 45 days after such designation, (c) after giving pro forma effect to such designation, the Company is able, as of the date of such designation, to incur US\$1.00 of Indebtedness under the proviso in the first paragraph of part (a) of the covenant under the caption “–Limitation on Indebtedness and Disqualified or Preferred Stock,” (d) immediately after the completion of a Qualified IPO and the listing of the Listing Vehicle, neither the Company nor any Restricted Subsidiary of the Company Guarantees or provides credit support for the Indebtedness of such Subsidiary, (e) such Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company, (f) such Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or Lien on any property of the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under the caption “–Limitation on Indebtedness and Disqualified or Preferred Stock” or such Lien would violate the covenant described under the caption “–Limitation on Liens” and (g) such Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries of the Company or are being concurrently designated to be Unrestricted Subsidiaries of the Company in accordance with this paragraph. If no Qualified IPO has occurred within 45 days after any designation of Restricted Subsidiaries as Unrestricted Subsidiaries under the immediately preceding paragraph, such designation of Unrestricted Subsidiaries shall be deemed to have been revoked by the Company and all such Unrestricted Subsidiaries shall be re-designated as Restricted Subsidiaries without any action on the part of the Company. The Company and the Subsidiary Guarantors will procure that immediately following the initial public offering and listing of the Listing Vehicle and so long as any of the Notes remain outstanding, the Company and/or one or more Subsidiary Guarantor(s) shall directly own greater than 50% of the Capital Stock of the Listing Vehicle and the Company and/or such Subsidiary Guarantor(s) will not directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on such Capital Stock of the Listing Vehicle.

In making the determination required by clause (c) of the preceding paragraph, pro forma effect may also be given to any expected application of all or a portion of the proceeds to the Company and the remaining Restricted Subsidiaries (the “Remaining Restricted Group”) from a Qualified IPO to repay Indebtedness of the Remaining Restricted Group upon receipt of such proceeds, *provided that* if the Company and the Restricted Subsidiaries do not in fact receive sufficient proceeds from such Qualified IPO or, following receipt thereof, do not apply such proceeds to repay such Indebtedness, in each case to the extent necessary to satisfy the requirements of clause (c) of the preceding paragraph, then such designation of Unrestricted Subsidiaries shall be deemed to have been revoked by the Company and all such Unrestricted Subsidiaries shall be re-designated as Restricted Subsidiaries without any action on the part of the Company.

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); (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; and (6) if such Restricted Subsidiary is not organized under the laws of the PRC, all Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary shall be pledged as required under “– Security.”

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee or the Indenture.

Anti-Layering

The Company will not Incur, and will not permit any Subsidiary Guarantor or JV Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Suspension of Certain Covenants

If, on any date following the date of the Indenture, the Notes have a rating of Investment Grade from two or more 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 Company’s Business Activities;”

7. “– Certain Covenants – Limitation on Sale and Leaseback Transactions;” and
8. “– Certain Covenants – Limitation on Asset Sales.”

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 reinstituted and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant summarized under “– Certain Covenants – Limitation on Restricted Payments” will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

There can be no assurance that the Notes will ever achieve a rating of Investment Grade or that any such rating will be maintained.

Provision of Financial Statements and Reports

1. So long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Company’s common shares are at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange; *provided that* if at any time the Common Stock of the Company ceases to be listed for trading on a recognized stock exchange, the Company will file with the Trustee and furnish to the Holders:
 - (a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and audited by a member firm of an internationally-recognized firm of independent accountants;
 - (b) as soon as they are available, but in any event within 60 calendar days after the end of the second financial quarter of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) prepared in accordance with GAAP and reviewed by a member firm of an internationally-recognized firm of independent accountants; and
 - (c) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third financial quarter of the Company, copies of its unaudited financial statements (on a consolidated basis and in the English language), including a statement of income, balance sheet and cash flow statement prepared in accordance with GAAP, and prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf

of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.

2. In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the two most recent fiscal semi-annual periods and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio and (b) as soon as possible and in any event within five days after a change in the rating of the Notes by any Rating Agency, an Officers' Certificate stating such change in rating has occurred; and (c) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

1. default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
2. default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
3. default in the performance or breach of the provisions of the covenants described under "– Consolidation, Merger and Sale of Assets", the failure by the Company to make or consummate an offer to Purchase in the manner described under the captions "– Repurchase of Notes upon a Change of Control Triggering Event" or "– Limitation on Asset Sales" or the failure by the Company to create, or cause its Restricted Subsidiaries to create, a First Priority Lien on the Collateral (subject to any Permitted Liens) in accordance with the covenant described under the caption "– Security";
4. the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;
5. there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary 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 Company 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 Company's insurance carriers have unconditionally agreed to pay under applicable policies, during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

7. an involuntary case or other proceeding is commenced against the Company or any Significant Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary or for any substantial part of the property and assets of the Company or any Significant Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
8. the Company or any Significant Restricted Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Restricted Subsidiary or (c) effects any general assignment for the benefit of creditors;
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;
10. any default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the Security Documents or the Indenture, which adversely affects the enforceability, validity, perfection or priority of the applicable Lien on the Collateral or which adversely affects the condition or value of the Collateral, taken as a whole, in any material respect; or
11. the Company or any Subsidiary Guarantor Pledgor denies or disaffirms its obligations under any Security Document or, other than in accordance with the Indenture and the Security Documents, any Security Document ceases to be or is not in full force and effect or the Trustee ceases to have a first priority security interest in the Collateral (subject to any Permitted Liens).

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written direction of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Restricted Subsidiary, 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 Company and to the Trustee may on behalf of the Holders of the Notes waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

1. all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and
2. the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee 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 or the Security Documents. 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. In addition, if an Event of Default occurs and is continuing, the Trustee may, and shall upon written direction of Holders of at least 25% in aggregate principal amount of outstanding Notes, foreclose on the Collateral in accordance with the terms of the Security Documents and take such further action on behalf of the Holders of the Notes with respect to the Collateral as the Trustee deems appropriate. See “– Security.”

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 the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not reasonably believe that reimbursement or satisfactory indemnification is assured to it.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

1. the Holder has previously given the Trustee written notice of a continuing Event of Default;
2. the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written direction to the Trustee to pursue the remedy;
3. such Holder or Holders offer the Trustee indemnity reasonably satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;
4. the Trustee does not comply with the request within 60 days after (a) written direction pursuant to (2) above and (b) the receipt of the offer of indemnity pursuant to (3) above whichever occurs later; and
5. during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest on, such Note or any payment under the Subsidiary Guarantee or JV Subsidiary Guarantee, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under the Indenture and that the Company has fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee 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."

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

1. the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") shall be a corporation organized and validly existing under the laws of Singapore, the Cayman Islands, Hong Kong, Bermuda or the British Virgin Islands and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture, the Notes and the Security Documents, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes, and the Indenture, the Notes and the Security Documents, as the case may be, shall remain in full force and effect;
2. immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
3. immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
4. immediately after giving effect to such transaction on a pro forma basis the Company or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the first paragraph of the covenant under the caption "– Limitation on Indebtedness and Preferred Stock";
5. the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;
6. each Subsidiary Guarantor and JV Subsidiary Guarantor, unless such Subsidiary Guarantor or JV Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under the caption "– Consolidation, Merger and Sale of Assets," shall execute and deliver

a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable, shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture; and

7. no Rating Decline shall have occurred.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with or merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than another JV Subsidiary Guarantor, the Company or another Subsidiary Guarantor), unless:

1. such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor (or in the case of a JV Subsidiary Guarantor, another JV Subsidiary Guarantor) or shall become a Subsidiary Guarantor (or, in the case of a JV Subsidiary Guarantor, shall become a JV Subsidiary Guarantor) concurrently with the transaction;
2. immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
3. immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
4. immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US\$1.00 of Indebtedness under the first paragraph of the covenant under the caption “– Limitation on Indebtedness and Preferred Stock”;
5. the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) 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 caption “– The Subsidiary Guarantees – Release of the Subsidiary Guarantees.”

Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company that may adversely affect Holders.

No Payments for Consents

The Company will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or the Subsidiary Guarantees in connection with an exchange or tender offer, the Company and the Subsidiary Guarantors may exclude (i) Holders or beneficial owners of the Notes that are not institutional “accredited investors” as defined in Rule 501 under the Securities Act, and (ii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Company to comply with the registration requirements or other similar requirements under any securities laws of any jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture and the Security Documents 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 and to hold monies for payment in trust) if, among other things:

1. the Company (a) has deposited with the Trustee or Paying Agent, in trust, money and/or U.S. Government Obligations that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally-recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture; and

2. immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound.

In the case of either discharge or defeasance, the Subsidiary Guarantees and the JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that the provisions of the Indenture will no longer be in effect with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph and clauses (3), (4), (5)(x) and (6) under the second paragraph under “– Consolidation, Merger and Sale of Assets” and all the covenants described herein under “– Certain Covenants,” other than as described under “– Certain Covenants – Government Approvals and Licenses; Compliance with Law” and “– Certain Covenants – Anti-Layering,” clause (3) under “Events of Default” with respect to such clauses (3), (4), (5)(x) and (7) under the first paragraph and such clauses (3), (4), (5)(x) and (6) under the second paragraph under “Consolidation, Merger and Sale of Assets” and with respect to the other events set forth in such clause, clause (4) under “Events of Default” with respect to such other covenants and clauses (5) and (6) under “Events of Default” shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee or Paying 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.

Defeasance and Certain Other Events of Default

In the event that the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee or Paying Agent will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors will remain liable for such payments.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

- (a) either:
 - (1) all of the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust by the Company and thereafter repaid to the Company) have been delivered to the Trustee or Registrar for cancellation; or

- (2) all Notes not theretofore delivered to the Trustee or Registrar for cancellation have become due and payable pursuant to an optional redemption notice or otherwise or will become due and payable within one year, and the Company or any Subsidiary Guarantor has irrevocably deposited or caused to be deposited with the Trustee or Paying Agent funds, in cash in U.S. dollars, non-callable U.S. Government Obligations or a combination thereof in an amount sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee or Registrar for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit together with irrevocable instructions from the Company directing the Trustee or Paying Agent to apply such funds to the payment thereof at maturity or redemption, as the case may be;
- (b) the Company or any Subsidiary Guarantor has paid all other sums payable under the Indenture by the Company; and
- (c) no Default or Event of Default will have occurred and be continuing on the date of such deposit or will occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instruments to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound.

The Trustee will acknowledge the satisfaction and discharge of the Indenture if the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of the Indenture have been complied with. The Trustee shall be entitled to rely on such certificate and/or opinion without investigating the accuracy, authenticity and validity of those certifications and without any liability or responsibility to any person.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Intercreditor Agreement or any Security Document may be amended, without the consent of any Holder, to:

1. cure any ambiguity, defect, omission or inconsistency in the Indenture, the Intercreditor Agreement, the Notes or any Security Document *provided that* such actions pursuant to this clause (1) do not materially and adversely affect the interests of the Holders;
2. comply with the provisions described under “– Consolidation, Merger and Sale of Assets”;
3. evidence and provide for the acceptance of appointment by a successor Trustee;
4. add any Subsidiary Guarantor or JV Subsidiary Guarantor, or any Subsidiary Guarantee or JV Subsidiary Guarantee, or release any Subsidiary Guarantor or JV Subsidiary Guarantor from any Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, as provided or permitted by the terms of the Indenture;
5. provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
6. add any Subsidiary Guarantor Pledgor or release any Subsidiary Guarantor Pledgor (including the corresponding Collateral relating to such Subsidiary Guarantor Pledgor) as provided or permitted by the terms of the Indenture;

7. add additional Collateral to secure the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee;
8. 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;
9. effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream;
10. permit Permitted Pari Passu Secured Indebtedness (including, without limitation, permitting the Trustee and the Collateral Trustee to enter into the Intercreditor Agreement or any amendments to the Security Documents, the Intercreditor Agreement or the Indenture and take any other action necessary to permit the creation and registration of Liens on the Collateral to secure Permitted Pari Passu Secured Indebtedness, in accordance with the Indenture);
11. make any other change that does not materially and adversely affect the rights of any Holder; or
12. conform the text of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees to any provision of this “Description of the Notes” to the extent that such provision in this “Description of the Notes” was intended to be a verbatim recitation of a provision in the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

Amendments With Consent of Holders

Amendments of the Indenture, the Intercreditor Agreement or any Security Document may be made by the Company, the Subsidiary Guarantors, the Trustee and the Collateral Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors with any provision of the Indenture or the Notes or any Security Document or the Intercreditor Agreement; 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 place, currency or time of payment of principal of, or premium, if any, or interest on, any Note;
4. impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note;
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. release any Collateral, except as provided in the Intercreditor Agreement, the Indenture and the Security Documents;
9. 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;
10. amend, change or modify any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects the Holders;
11. amend, change or modify any provision of any Security Document, or any provision of the Indenture relating to the Collateral, in a manner that adversely affects the Holders, except in accordance with the other provisions of the Indenture;
12. reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or, change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale;
13. consent to the assignment or transfer by the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor of any of their rights or obligations under the Indenture or the Subsidiary Guarantees or JV Subsidiary Guarantees, as the case may be, except as permitted pursuant to the provisions described under “– Consolidations, Merger and Sale of Assets;”
14. change the redemption date or the redemption price of the Notes from that stated under the captions “– Optional Redemption” or “– Redemption for Taxation Reasons;”
15. amend, change or modify the obligation of the Company or any Subsidiary Guarantor to pay Additional Amounts; or
16. amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes or any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors in the Indenture, or in any of the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company, any of the Subsidiary Guarantors, any of the 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 federal securities laws.

Concerning the Trustee, Registrar, Transfer Agent and the Paying Agent

Deutsche Bank Trust Company Americas has been appointed as Trustee under the Indenture, Deutsche Bank AG, Hong Kong Branch has been appointed as registrar and transfer agent (the “Registrar”) and the Deutsche Bank, AG, Hong Kong Branch has been appointed as paying agent (the “Paying Agent”) 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. The Indenture provides that the Holders will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person’s own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions with the Company and its Affiliates; provided, however, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

Deutsche Bank Trust Company Americas will initially also act as the Collateral Trustee under the Security Documents in respect of the security over the Collateral. The Collateral Trustee, acting in its capacity as such, shall have such duties with respect to the Collateral pledged, assigned or granted pursuant to the Security Documents as are set forth in the Indenture and the Security Documents. Under certain circumstances, the Collateral Trustee may have obligations under the Security Documents that are in conflict with the interests of the Holders. The Trustee and the Collateral Trustee will be under no obligation to expend its own funds or exercise any rights or powers conferred under the Indenture or any of the Security Documents for the benefit of the Holders unless such Holders have offered to the Trustee and Collateral Trustee indemnity and security reasonably satisfactory to the Trustee and Collateral Trustee against any loss, liability or expense. Furthermore, each Holder, by accepting the Notes will agree, for the benefit of the Trustee and Collateral Trustee, that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the Security Documents and has not relied on and will not at any time rely on the Trustee and collateral Trustee in respect of such risks.

Book-Entry; Delivery and Form

The Notes will be represented by the Global Certificate in registered form without interest coupons attached (each a “Global Note”). On the Original Issue Date, the Global Certificate will be deposited with a common depository and registered in the name of the common depository or its nominee for the accounts of Euroclear and Clearstream.

Global Certificate

Ownership of beneficial interests in the Global Certificate (the “book-entry interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “– Individual Definitive Notes,” the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Certificate 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.

The Notes are not issuable in bearer form.

Payments on the Global Certificate

Payments of any amounts owing in respect of the Global Certificate (including principal, premium, interest and additional amounts) will be made to the paying agent. The paying agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. The Company will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under “– Additional Amounts.”

Under the terms of the Indenture, the Company and the Trustee will treat the registered holder of the Global Certificate (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- 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 Certificate

In the event the Global Certificate, or any portion thereof, is redeemed, the common depositary will distribute the amount received by it in respect of the Global Certificate 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 Certificate. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Certificate (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes

are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no book-entry interest of US\$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder only at the direction of one or more participants to whose account the book-entry interests in the Global Certificate 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 Certificate. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Certificate 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 Certificate in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Any book-entry interest in a Global Certificate that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Certificate will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Certificate and become a book-entry interest in the other Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Certificate for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in immediately available funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

We understand as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and

securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Trustee or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed by the Company within 90 days (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with “– Events of Default” and the Company has received a written request from a Holder, the Company will issue individual definitive notes in registered form in exchange for the Global Certificate. Upon receipt of such notice from the common depositary or the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Certificate for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the registrar in sufficient quantities and authenticated by the Trustee or authenticating agent for delivery to Holders. Persons exchanging interests in the Global Certificate for individual definitive notes will be required to provide the registrar, through the relevant clearing system, with written instruction and other information required by the Company and the registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Certificate 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 electronic mail, prepaid courier or first-class mail (if intended for the Company or any Subsidiary Guarantor or the Trustee) addressed to the Company, such Subsidiary Guarantor or the Trustee, as the case may be, 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. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company and each of the Subsidiary Guarantors 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 Law Debenture Corporate Service Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Indenture will be governed by, and construed in accordance with, the laws of the State of New York. The Security Documents will be governed by the laws of the British Virgin Islands, Samoa, Singapore and Hong Kong. The Intercreditor Agreement is governed by the laws of Hong Kong.

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.

“2017 Dual Tranche Term Facility” means the US\$258,000,000 and HK\$334,000,000 dual tranche term facility that we entered into with China Construction Bank (Asia) Corporation Limited, Chiyu Banking Corporation Limited, Fubon Bank (Hong Kong) Limited, Hang Seng Bank Limited, Nanyang Commercial Bank (China) Limited, Shenzhen Branch 南洋商業銀行(中國)有限公司深圳分行, Shanghai Pudong Development Bank Co Ltd, Hong Kong Branch, The Bank of East Asia, Limited 東亞銀行有限公司 and The Hongkong and Shanghai Banking Corporation Limited as the arrangers and lenders, and The Hongkong and Shanghai Banking Corporation Limited as agent on November 1, 2017.

“2019 Term Loan Facility” means the term loan facility of up to US\$220,000,000 with the possibility of incremental term loan facilities that we entered into with China Construction Bank Corporation, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank Limited, Bank of China (Hong Kong) Limited, Nanyang Commercial Bank, Limited and CMB Wing Lung Bank Limited, as arrangers and lenders, and The Hongkong and Shanghai Banking Corporation Limited, as agent, on October 16, 2019.

“2021 Notes” means the US\$375,000,000 6.375% Senior Notes due 2021 issued by the Company on March 6, 2018.

“2021 Notes Indenture” means the indenture dated March 6, 2018 pursuant to which the 2021 Notes were issued.

“2021 Notes Trustee” means Deutsche Bank Trust Company Americas (or its successor or assign) acting as trustee on behalf of the holders of the 2021 Notes.

“2021 II Notes” means the US\$200,000,000 7.90% Senior Notes due 2021 and the additional US\$425,000,000 7.90% Senior Notes due 2021 issued by the Company on May 11, 2018 and July 30, 2018, respectively.

“2021 II Notes Indenture” means the indenture dated July 30, 2018 pursuant to which the 2021 II Notes were issued.

“2021 II Notes Trustee” means Deutsche Bank Trust Company Americas (or its successor or assign) acting as trustee on behalf of the holders of the 2021 II Notes.

“2021 III Notes” means the US\$40,000,000 7.50% Senior Notes due 2021 issued by the Company on June 12, 2020.

“2021 III Notes Indenture” means the indenture dated June 12, 2020 pursuant to which the 2021 III Notes were issued.

“2021 III Notes Trustee” means Deutsche Bank Trust Company Americas (or its successor or assign) acting as trustee on behalf of the holders of the 2021 III Notes.

“2022 Notes” means the US\$350,000,000 6.00% Senior Notes due 2022 issued by the Company on January 25, 2017.

“2022 Notes Indenture” means the indenture dated January 25, 2017 pursuant to which the 2022 Notes were issued.

“2022 Notes Trustee” means Deutsche Bank Trust Company Americas (or its successor or assign) acting as trustee on behalf of the holders of the 2022 Notes.

“2022 II Notes” means the US\$500,000,000 8.625% Senior Notes due 2022 issued by the Company on January 23, 2019.

“2022 II Notes Indenture” means the indenture dated January 23, 2019 pursuant to which the 2022 II Notes were issued.

“2022 II Notes Trustee” means Deutsche Bank Trust Company Americas (or its successor or assign) acting as trustee on behalf of the holders of the 2022 II Notes.

“2023 Notes” means the US\$250 million and US\$400 million 6.00% Senior Notes due 2023 issued by the Company on October 25, 2016 and July 10, 2019, respectively.

“2023 Notes Indenture” means the indenture dated October 25, 2016 pursuant to which the 2023 Notes were issued.

“2023 Notes Trustee” means Deutsche Bank Trust Company America (or its successor or assign) acting as trustee on behalf of the holders of the 2023 Notes.

“2023 II Notes” means the US\$500,000,000 8.5% Senior Notes due 2023 issued by the Company on February 4, 2019.

“2023 II Notes Indenture” means the indenture dated February 4, 2019 pursuant to which the 2023 II Notes were issued.

“2023 II Notes Trustee” means Deutsche Bank Trust Company Americas (or its successor or assign) acting as trustee on behalf of the holders of the 2023 II Notes.

“2024 Notes” means the US\$500 million 8.5% Senior Notes due 2024 issued by the Company on February 26, 2019.

“2024 Notes Indenture” means the indenture dated February 26, 2019, pursuant to which the 2024 Notes were issued.

“2024 Notes Trustee” means Deutsche Bank Trust Company America (or its successor or assign) acting as trustee on behalf of the holders of the 2024 Notes.

“2024 II Notes” means the US\$500,000,000 8.375% Senior Notes due 2024 issued by the Company on October 30, 2019.

“2024 II Notes Indenture” means the indenture dated October 30, 2019 pursuant to which the 2024 II Notes were issued.

“2024 II Notes Trustee” means Deutsche Bank Trust Company Americas (or its successor or assign) acting as trustee on behalf of the holders of the 2024 II Notes.

“2025 Notes” means the US\$500 million 8.3% Senior Notes due 2025 issued by the Company on November 27, 2019.

“2025 Notes Indenture” means the indenture dated November 27, 2019 pursuant to which the 2025 Notes were issued.

“2025 Notes Trustee” means Deutsche Bank Trust Company Americas (or its successor or assign) acting as trustee on behalf of the holders of the 2025 Notes.

“2025 II Notes” means the US\$400 million 7.7% Senior Notes due 2025 issued by the Company on February 20, 2020.

“2025 II Notes Indenture” means the indenture dated February 20, 2020, pursuant to which the 2025 II Notes were issued.

“2025 II Notes Trustee” means Deutsche Bank Trust Company America (or its successor or assign) acting as trustee on behalf of the holders of the 2025 II Notes.

“2026 Notes” means the US\$645 million 7.375% Senior Notes due 2026 issued by the Company on January 13, 2020.

“2026 Notes Indenture” means the indenture dated January 13, 2020 pursuant to which the 2026 Notes were issued.

“2026 Notes Trustee” means Deutsche Bank Trust Company Americas (or its successor or assign) acting as trustee on behalf of the holders of the 2026 Notes.

“Acquired Indebtedness” means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

“Adjusted Treasury Rate” means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after August 12, 2024 yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

“Affiliate” means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step child, parent or step parent, brother, sister, step brother or step sister, parent in law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Applicable Premium” means with respect to a 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) the redemption price of such Note at August 12, 2024 (such redemption price being set forth in the table appearing above under the caption “– Optional Redemption”, exclusive of any accrued interest) plus (y) all required remaining scheduled interest payments due on such Note through August 12, 2024 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (B) the principal amount of such Note on such redemption date. For the avoidance of doubt, calculation of the Applicable Premium will be made by the Company or on behalf of the Company by such Person as the Company shall designate; provided that such calculation or the correctness thereof shall not be a duty or obligation of the Trustee or any agents.

“Asset Acquisition” means (1) an investment by the Company or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any of its Restricted Subsidiaries; or (2) an acquisition by the Company or any of its Restricted Subsidiaries of the property and assets of any Person other than the Company or any of its Restricted Subsidiaries that constitute substantially all of a division or line of business of such Person.

“Asset Disposition” means the sale or other disposition by the Company or any of its Restricted Subsidiaries (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any of its Restricted Subsidiaries.

“Asset Sale” means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale or issuance of Capital Stock of a Subsidiary) in one transaction or a series of related transactions by the Company or any of its Restricted Subsidiaries to any Person; *provided that* “Asset Sale” shall not include:

1. sales or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;
2. sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the “– Limitation on Restricted Payments” covenant;
3. sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$1 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;
4. any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries;
5. any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;
6. a transaction covered by the covenant under the caption “– Consolidation, Merger and Sale of Assets”;
7. any sale, transfer or other disposition by the Company or any of its Restricted Subsidiaries, including the sale or issuance by the Company or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Company or any Restricted Subsidiary; and
8. sales, transfers or other dispositions by the Listing Vehicle of up to 30% of the Capital Stock of the Listing Vehicle if (i) such Capital Stock is issued following the designation of the Listing Vehicle as an Unrestricted Subsidiary and (ii) such sale, transfer or disposition is made in connection with a Qualified IPO of the Listing Vehicle.

“Attributable Indebtedness” means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Bank Deposit Secured Indebtedness” means Indebtedness of the Company or any Restricted Subsidiary that is (i) secured by cash deposits or bank accounts of the Company or a Restricted Subsidiary and/or (ii) Guaranteed by a Guarantee, letter of credit or similar instruments from or arranged by the Company or a Restricted Subsidiary and is used by the Company and its Restricted Subsidiaries to in effect exchange currency or remit money onshore or offshore.

“Board of Directors” means the board of directors of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York or in London or in Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

“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.

“Change of Control” means the occurrence of one or more of the following events:

1. the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, to any “person” (within the meaning of Section 13(d) of the Exchange Act), other than one or more Permitted Holders;
2. the merger, amalgamation or consolidation of the Company with or into another Person (other than one or more Permitted Holders) or the merger or amalgamation of another Person (other than one or more Permitted Holders) with or into the Company;
3. the Permitted Holders are the beneficial owners within the meaning of Rule 13d-3 under the Exchange Act of less than 50% of the total voting power of the Voting Stock of the Company;
4. any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders;

5. individuals who on the Original Issue Date constituted the board of directors of the Company, together with any new directors whose election by the board of directors was approved by a vote of at least two-thirds of the directors then still in office who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Company then in office; or
6. the adoption of a plan relating to the liquidation or dissolution of the Company.

“Change of Control Triggering Event” means the occurrence of both a Change of Control and, provided that the Notes are rated by at least one Rating Agency, a Rating Decline.

“Clearstream” means Clearstream Banking S.A.

“Collateral” means all collateral securing, or purported to be securing, directly or indirectly, the Notes or any Subsidiary Guarantee pursuant to the Security Documents, and shall initially consist of the Capital Stock of the initial Subsidiary Guarantors owned by the Company or a Subsidiary Guarantor.

“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 February 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 February 20, 2023.

“Comparable Treasury Price” means, with respect to any redemption date, if clause (ii) of the definition of “Adjusted Treasury Rate” is applicable, the average of three (or such lesser number as is obtained by the Company) Reference Treasury Dealer Quotations for such redemption date.

“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the Company and its 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 period for which consolidated financial statements of the Company and its Restricted Subsidiaries (which the Company 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,
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), less all non-cash items increasing Consolidated Net Income,

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP; *provided that* (1) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any of its Restricted Subsidiaries and (2) in the case of any future PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

“Consolidated Fixed Charges” means, for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company’s Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly Owned Restricted Subsidiary.

“Consolidated Interest Expense” means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Company and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Company and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations, (2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (5) the net costs associated with Hedging Obligations (including the amortization of fees), (6) interest accruing on Indebtedness of any other Person that is Guaranteed by, or secured by a Lien on any asset of, the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees) and (7) any capitalized interest, *provided that* interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided that* the following items shall be excluded in computing Consolidated Net Income (without duplication):

1. the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:
 - (a) subject to the exclusion contained in clause (5) below, the Company’s equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the

Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and

- (b) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;
- 2. the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any of its Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Company or any of its Restricted Subsidiaries;
- 3. the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;
- 4. the cumulative effect of a change in accounting principles;
- 5. any net after tax gains realized on the sale or other disposition of (a) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Company realized on sales of Capital Stock of the Company or other Restricted Subsidiaries);
- 6. any translation gains and losses due solely to fluctuations in currency values and related tax effects; and
- 7. any net after-tax extraordinary or non-recurring gains.

"Consolidated Net Worth" means, at any date of determination, stockholders' equity as set forth on the most recently available semi-annual or annual consolidated balance sheet of the Company and its Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any of its Restricted Subsidiaries, each item to be determined in conformity with GAAP.

"Contractor Guarantees" means any Guarantee by the Company or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Company or such Restricted Subsidiary in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

"Currency Agreement" means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

“Debt Documents” means, collectively, the 2022 Notes Indenture, the 2023 Notes Indenture, the 2021 Notes Indenture, the 2021 II Notes Indenture, the 2022 II Notes Indenture, the 2023 II Notes Indenture, the agreement governing the 2017 Dual Tranche Term Facility, the 2024 Notes Indenture, the agreement governing the 2019 Term Loan Facility, the 2024 II Notes Indenture, the 2025 Notes Indenture, the 2026 Notes Indenture, the 2025 II Notes Indenture, the 2021 III Notes Indenture and any documents evidencing loans thereunder, the Notes, the Indenture, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Security Documents and the documents evidencing Permitted Pari Passu Secured Indebtedness.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the Stated Maturity of the Notes; *provided that* any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the Stated Maturity of the Notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the “– Limitation on Asset Sales” and “– Repurchase of Notes upon a Change of Control Triggering Event” covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company’s repurchase of such Notes as are required to be repurchased pursuant to the “– Limitation on Asset Sales” and “– Repurchase of Notes upon a Change of Control Triggering Event” covenants.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

“Equity Offering” means (i) any bona fide underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any bona fide underwritten secondary public offering or secondary private placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Company at the same price as the public offering or private placing price, in each case under clause (i) or (ii) provided such public offering or private placement is to a person other than a Restricted Subsidiary or Permitted Holder; *provided that* any offering or 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 Company being no less than US\$20.0 million (or the Dollar Equivalent thereof).

“Euroclear” means Euroclear Bank S.A./N.V.

“Fair Market Value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution, except in the case of a determination of Fair Market Value of

total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of international standing appointed by the Company.

“Fitch” means Fitch Inc., a subsidiary of Fimalac, S.A., and its successors.

“Fixed Charge Coverage Ratio” means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarter period prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the “Four Quarter Period”) to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

- (A) pro forma effect shall be given to any Indebtedness, Disqualified Stock or Preferred Stock Incurred, repaid or redeemed during the period (the “Reference Period”) commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness, 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 Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay such Indebtedness, 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 with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (d) or (e) of this sentence requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the two full fiscal semi-annual periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“GAAP” means the Hong Kong financial reporting standards issued by the Hong Kong Institute of Certified Public Accountants, 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 Agreement or Interest Rate Agreement.

“Holder” means the Person in whose name a Note is registered in the Note register.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided that* (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms “Incurrence,” “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

1. all indebtedness of such Person for borrowed money;
2. all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
3. all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;
4. all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
5. all Capitalized Lease Obligations and Attributable Indebtedness;

6. all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided that* the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;
7. all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;
8. to the extent not otherwise included in this definition, Hedging Obligations; and
9. all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include any capital commitments, deferred payment obligations or similar obligations, Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business; *provided that* such Indebtedness is not reflected on the balance sheet of the Company or any Restricted Subsidiary (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; provided

1. that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP,
2. that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest, and
3. that the amount of Indebtedness with respect to any Hedging Obligation shall be: (i) zero if Incurred pursuant to paragraph (2)(f) under the “Limitation on Indebtedness and Preferred Stock” covenant, and (ii) equal to the net amount payable 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 Company.

“Insurance Company Investor” means an Independent Third Party that is an insurance company organized under the laws of the PRC or an Affiliate of such an insurance company that acquires a minority interest in the Capital Stock of a PRC Restricted Subsidiary.

“Intercreditor Agreement” has the meaning set forth under “– Intercreditor Agreement.”

“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, with respect to any Person:

1. any direct or indirect advance, loan or other extension of credit by such Person to another Person;
2. any capital contribution by such Person to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);
3. any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities by such Person issued by another Person; or
4. any Guarantee of any obligation by such Person of another Person to the extent such obligation is outstanding and to the extent Guaranteed by such Person.

For the purposes of the provisions of the “Designation of Restricted and Unrestricted Subsidiaries” and “Limitation on Restricted Payments” covenants: (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the assets (net of liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

“Investment Grade” means a rating of “AAA,” “AA,” “A” or “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories, by 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 the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for Fitch or Moody’s or both of them, as the case may be.

“Investment Property” means any property that is owned and held by the Company or any Restricted Subsidiary primarily for rental yields or for capital appreciation or both, or any hotel owned by the Company or any Restricted Subsidiary from which the Company or any Restricted Subsidiary derives or expects to derive operating income.

“JV Entitlement Amount” means, with respect to any JV Subsidiary Guarantor together with (x) any of its Restricted Subsidiaries that are providing JV Subsidiary Guarantees and (y) any of its shareholders that are giving JV Subsidiary Guarantees (each, a “JV Subsidiary Group”), an amount that is equal to the product of (i) the Fair Market Value of the total assets of such JV Subsidiary Group and its Subsidiaries, on a consolidated basis (without deducting any Indebtedness or other liabilities of such JV Subsidiary Group and its Subsidiaries) as of the date of the last fiscal year end of the Company; and (ii) a percentage equal to the effective ownership interest of the Company and its Restricted Subsidiaries expressed as a percentage in the JV Subsidiary Group.

“JV Subsidiary Guarantee” has the meaning set forth under the caption “– The Subsidiary Guarantees.”

“JV Subsidiary Guarantor” means a Restricted Subsidiary that executes a JV Subsidiary Guarantee.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“Majority Secured Parties” means the Secured Parties that have provided a written instruction or instructions to the Collateral Trustee hereunder and collectively represent more than 50% of the aggregate principal amount of the Notes, the 2022 Notes, the 2023 Notes, the 2021 Notes, the 2021 II Notes, the 2022 II Notes, the 2023 II Notes, the 2017 Dual Tranche Term Facility, the 2024 Notes, the 2019 Term Loan Facility, the 2024 II Notes, the 2025 Notes, the 2026 Notes, the 2025 II Notes, the 2021 III Notes and the Permitted Pari Passu Secured Indebtedness Documents outstanding at the time of the provision of such written instruction or instructions; *provided that*, any Secured Party whose outstanding Secured Liabilities are not denominated in US dollars shall also at the time of the provision of such written instruction or instructions certify to the Collateral Trustee the HK dollar equivalent of the principal amount of such Secured Liabilities, calculated based on the spot rate of exchange quoted by an independent commercial bank for the purchase of the applicable currencies in HK dollars in the New York foreign exchange market at or about 12:00 noon (New York time) on the business day preceding the date of the provision of such written instruction or instructions.

“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 Company and its Restricted Subsidiaries, taken as a whole;
 - (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;
 - (d) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and
2. with respect to any issuance or sale of Capital Stock or securities convertible or exchangeable into Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“Non-Guaranteed Portion” means, at any time of determination with respect to all of the JV Subsidiary Guarantors then existing and their respective Restricted Subsidiaries, the aggregate value (without duplication) of the equity interests held by each Independent Third Party in any JV Subsidiary Guarantor as determined by multiplying (x) the total assets as shown on the balance sheet of the relevant JV Subsidiary Guarantor for its most recently ended semi-annual period (or, in the case of the JV Subsidiary Guarantor executing such JV Subsidiary Guarantee and any other Restricted Subsidiary of the Company that became a JV Subsidiary Guarantor after the end of the most recently ended semi-annual period, as shown on the balance sheet of such JV Subsidiary Guarantor after giving pro forma effect to the sale or issuance of Capital Stock to the relevant Independent Third Parties) by (y) the proportionate ownership of all Capital Stock held by such Independent Third Party in such JV Subsidiary Guarantor, *provided that* (A) assets attributable to any Unrestricted Subsidiary of such JV Subsidiary Guarantor and (B) assets which would be eliminated from the calculation of Total Assets of the Company for the relevant semi-annual period shall be excluded from the calculation of total assets in clause (x) above.

“Offer to Purchase” means an offer by the Company to purchase Notes from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee, the Paying and Transfer Agent and each Holder at its last address appearing in the Note register stating:

1. the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;
2. the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Offer to Purchase Payment Date”);
3. that any Note not tendered will continue to accrue interest pursuant to its terms;
4. that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;
5. that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
6. that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
7. that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided that* each Note purchased and each new Note issued shall be in a principal amount of US\$200,000 or integral multiples of US\$1,000.

“Officer” means one of the executive officers of the Company or, in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be.

“Officers’ Certificate” means a certificate signed by two Officers.

“Opinion of Counsel” means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be an employee of or counsel to the Company.

“Original Issue Date” means the date on which the Notes are originally issued under the Indenture.

“Pari Passu Subsidiary Guarantee” means a guarantee by any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes) or of another Subsidiary Guarantor; *provided that* (1) the Company or such other Subsidiary Guarantor 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 any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, or with any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

“Payment Default” means (1) any default in the payment of interest on any Note when the same becomes due and payable, (2) any default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, (3) the failure by the Company to make or consummate a Change of Control Offer Triggering Event in the manner described under the caption “– Repurchase of Notes upon a Change of Control,” or an Offer to Purchase in the manner described under the caption “– Limitation on Asset Sales” or (4) any Event of Default specified in clause (5) of the definition of Events of Default.

“Permitted Business” means any business which is the same as or related, ancillary or complementary to any of the businesses of the Company and its Restricted Subsidiaries (as described in the offering memorandum) on the Original Issue Date, including without limitation (i) real estate acquisition, development, leasing and management, (ii) hotel acquisition, development, operation and management, (iii) the acquisition, development, management and operation of sports and leisure facilities and (iv) construction services, in the case of each of clause (i), (ii) and (iii) associated with real estate projects acquired, or intended in good faith to be acquired, developed or managed by the Company or any Restricted Subsidiary.

“Permitted Holders” means any or all of the following:

1. Mr. Lam Lung On;
2. Ms. Kwok Ying Lan;
3. the estate and any spouse or immediate family member of the Person specified in clause (1) or (2) or the legal representatives of any of the foregoing;
4. any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Person specified in clause (1), (2) or (3); and
5. any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by Persons specified in clauses (1), (2), (3) and (4).

“Permitted Investment” means:

1. any Investment in the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged in a Permitted Business;
2. Temporary Cash Investments;
3. payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;
4. stock, obligations or securities received in satisfaction of judgments;
5. an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;
6. any Investment pursuant to a Hedging Obligation designed to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;
7. receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
8. Investments made by the Company or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with the covenant under the caption “– Limitation on Asset Sales”;
9. pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “– Limitation on Liens”;
10. any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;
11. Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;
12. advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company’s consolidated balance sheet;
13. deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of business;
14. deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of business;

15. deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries and prepayments made in connection with the acquisition of real property or land use rights by the Company or any of its Restricted Subsidiaries, in each case in the ordinary course of business;
16. advances in the ordinary course of business to government authorities or government-affiliated entities in the PRC for the financing of primary land development that are recorded as deposits or prepaid expenses on the Company's consolidated balance sheet to the extent each such advance is on normal commercial terms;
17. repurchases of the Notes; and
18. any Investment (including any deemed Investment upon the redesignation of a Restricted Subsidiary as an Unrestricted Subsidiary or upon the sale of Capital Stock of a Restricted Subsidiary) by the Company or any Restricted Subsidiary in any corporation, association or other business entity of which at least 20.0% of the Capital Stock and Voting Stock is (or upon the making of such Investment, will be) owned, directly or indirectly, by the Company or any Restricted Subsidiary (such corporation, association or other business entity, an "Associate"); *provided that:*
 - (i) the aggregate of all Investments made under this clause 18 since the Original Issue Date shall not exceed in aggregate an amount equal to 20.0% of Total Assets. Such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made under this clause 18 since the Original Issue 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 Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income),
 - (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Original Issue Date under this clause of an obligation of any such Associate, or
 - (C) to the extent that an Investment made after the Original Issue 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, not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Original Issue Date in any such Person pursuant to this clause 18;

For the avoidance of doubt, the amount of Investments made after the Original Issue Date shall be calculated as if this clause 18 applied thereto.

- (ii) the Associate into which such Investment is made is primarily engaged in the Permitted Businesses;
- (iii) none of the other shareholders or partners in such Associate 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 Company, a Restricted Subsidiary or by reason of being a Restricted Subsidiary);

- (iv) no Default has occurred and is continuing or would occur as a result of such Investment; and
- (v) the Company 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 on Indebtedness and Preferred Stock”;

for the avoidance of doubt, the value of each Investment made pursuant to this clause 18 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 and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
4. leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;
5. Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;
6. Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; *provided that* such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired; provided further that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
7. Liens in favor of the Company or any Restricted Subsidiary;
8. Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;
9. Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

10. Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry 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 Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
13. Liens under the Security Documents;
14. Liens securing any Permitted Pari Passu Secured Indebtedness that complies with each of the requirements set forth under “– Security – Permitted Pari Passu Secured Indebtedness”;
15. any interest or title of a lessor in the property subject to any operating lease;
16. Liens securing Indebtedness of the Company 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”;
17. easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;
18. Liens (including extensions and renewals thereof) upon real or personal property acquired after the Original Issue Date; *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 “– Limitation on Indebtedness and Preferred Stock” and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such property, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost of such property, development, construction or improvement and (c) such Lien shall not extend to or cover any property or assets other than such item of property and any improvements on such item, *provided that*, in the case of clauses (b) and (c), such Lien may cover other property or assets (instead of or in addition to such item of property or improvements) and the principal amount of Indebtedness secured by such Lien may exceed 100% of such cost if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of property or assets (as reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated 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 (18) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;
19. Liens on deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

20. Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
21. Liens on deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries in connection with the acquisition of real property or land use rights by the Company or any of its Restricted Subsidiaries in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
22. Liens securing Indebtedness permitted to be Incurred under clause (2)(n) of the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock”;
23. Liens granted by the Company or a PRC Restricted Subsidiary in favor of an Insurance Company Investor to secure the obligation of a Subsidiary of such PRC Restricted Subsidiary in which such Insurance Company Investor holds or acquires a minority equity interest to pay a guaranteed or preferred return to such Insurance Company Investor;
24. Liens with respect to obligations of the Company or any Restricted Subsidiary that in the aggregate do not exceed US\$5 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination) at any one time outstanding;
25. 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)(q) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
26. Liens Incurred on deposits made to secure Bank Deposit Secured Indebtedness permitted to be Incurred under clause (2)(r) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
27. Liens on Investment Properties, or PRC Restricted Subsidiaries that own Investment Properties, securing Indebtedness of the Company or any Restricted Subsidiary permitted to be Incurred under clause (2)(s) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”; or
28. Liens securing Indebtedness permitted to be Incurred under clause (2)(t) of the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock,

provided that, with respect to the Collateral, “Permitted Liens” shall only refer to the Liens described in clauses (1), (2), (13) and (14) of this definition.

“Permitted Pari Passu Secured Indebtedness” has the meaning set forth under “– Security – Permitted Pari Passu Secured Indebtedness.”

“Permitted Pari Passu Secured Indebtedness Documents” means all agreements evidencing Permitted Pari Passu Secured Indebtedness and any other document or instrument executed and/or delivered by the Company or its Restricted Subsidiaries in connection with the transactions contemplated thereby.

“Permitted Subsidiary Indebtedness” means Indebtedness (other than Public Indebtedness) of, and all Preferred Stock issued by, the Restricted Subsidiaries, taken as a whole (but excluding the amount of any Indebtedness of any Restricted Subsidiary permitted under clauses 2(a), (b), (d), (f) and (g) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”); *provided that*, on

the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness issued by the Non-Guarantor Subsidiaries and the JV Subsidiary Guarantors does not exceed an amount equal to 15% 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.

“Pre-Registration Mortgage Guarantee” means any Indebtedness of the Company or any Restricted Subsidiary consisting of a guarantee in favor of any bank or other similar financial institutions in the ordinary course of business of secured loans of purchasers of individual units of properties from the Company or any Restricted Subsidiary; *provided that*, any such guarantee shall be released in full on or before the perfection of a security interest in such properties under applicable law in favor of the relevant lender.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Public Indebtedness” means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

“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 October 13, 2000) 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 Company or any Restricted Subsidiary.

“PRC Restricted Subsidiary” means a Restricted Subsidiary organized under the laws of the PRC.

“Quotation Agent” means the Reference Treasury Dealer selected by the Company.

“Qualified IPO” means an initial public offering of the common stock of the Listing Vehicle on a Recognized Stock 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), such listing shall result in a public float of no less than the percentage required by the applicable listing rules.

“Rating Agencies” means (1) Fitch and (2) Moody’s and (3) if Fitch or Moody’s or both of them shall not make a rating of the Notes publicly available, one or more nationally recognized securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for Fitch or Moody’s, or both of them, as the case may be.

“Rating Category” means (1) with respect to Fitch, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); (2) with respect to Moody’s, any of the following categories: “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); and (3) the equivalent of any such category of Fitch or Moody’s used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories

("+" and "-" for Fitch; "1," "2" and "3" for Moody's; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to Fitch, a decline in a rating from "BB+" to "BB," as well as from "BB" to "B+," will constitute a decrease of one gradation).

"Rating Date" means (1) in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control or (2) in connection with actions contemplated under 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 Company or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Notes, is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below, or (2) in connection with actions contemplated under 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 both Moody's and Fitch on the Rating Date as Investment Grade, the rating of the Notes by either Rating Agency shall be below Investment Grade;
- (b) in the event the Notes are rated by either, but not both, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency shall be below Investment Grade; or
- (c) in the event the Notes are rated below Investment Grade by both Rating Agencies on the Rating Date, the rating of the Notes by either Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"Reference Treasury Dealer" means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Company in good faith.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Quotation Agent by such Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding such redemption date.

"Replacement Assets" means, on any date, property or assets (other than current assets) of a nature or type or that are used in a Permitted Business.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"S&P" means S&P Global Ratings, and its successors.

"Sale and Leaseback Transaction" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

“Secured Liabilities” means all present and future obligations, contingent or otherwise, of the Company or any Subsidiary Guarantor Pledgor to the Secured Parties under the Secured Party Documents, including without limitation (i) all principal of, premium, if any (including any make-whole premium) on, and interest (including, without limitation, any interest which accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Company or any Subsidiary Guarantor Pledgor) on any Indebtedness of the Company or any Subsidiary Guarantor Pledgor (a) under, or any note issued by the Company or any Subsidiary Guarantor Pledgor pursuant to, the Indenture; (b) under, or any note issued by the Company or any Subsidiary Guarantor Pledgor pursuant to, the 2022 Notes Indenture; (c) under, or any note issued by the Company or any Subsidiary Guarantor Pledgor pursuant to, the 2023 Notes Indenture; (d) under, or any note issued by the Company or any Subsidiary Guarantor Pledgor pursuant to, the 2021 Notes Indenture; (e) under, or any note issued by the Company or any Subsidiary Guarantor Pledgor pursuant to, the 2021 II Notes Indenture; (f) under, or any note issued by the Company or any Subsidiary Guarantor Pledgor pursuant to, the 2022 II Notes Indenture, (g) under, or any note issued by the Company or any Subsidiary Guarantor Pledgor pursuant to, the 2023 II Notes Indenture; (h) under the agreement for the 2017 Dual Tranche Term Facility; (i) under, or any note issued by the Company or any Subsidiary Guarantor Pledgor pursuant to, the 2024 Notes Indenture; (j) under the agreement for the 2019 Term Loan Facility; (k) under, or any note issued by the Company or any Subsidiary Guarantor Pledgor pursuant to, the 2024 II Notes Indenture; (l) under, or any note issued by the Company or any Subsidiary Guarantor Pledgor pursuant to, the 2025 Notes Indenture; (m) under, or any note issued by the Company or any Subsidiary Guarantor Pledgor pursuant to, the 2026 Notes Indenture; (n) under, or any note issued by the Company or any Subsidiary Guarantor Pledgor pursuant to, the 2025 II Notes Indenture; (o) under, or any note issued by the Company or any Subsidiary Guarantor Pledgor pursuant to, the 2021 III Notes Indenture; (p) to the extent the holders thereof have become parties to the Intercreditor Agreement in accordance with the terms thereof, any Permitted Pari Passu Secured Indebtedness, and (ii) all other amounts payable by the Company or any Subsidiary Guarantor Pledgor under the Secured Party Documents; and (iii) any renewals or extensions of any of the foregoing.

“Secured Parties” means (a) the Trustee for the benefit of itself and the Holders; (b) the 2022 Notes Trustee for the benefit of itself and the holders of the 2022 Notes; (c) the 2023 Notes Trustee for the benefit of itself and the holders of the 2023 Notes; (d) the 2021 Notes Trustee for the benefit of itself and the holders of the 2021 Notes; (e) the 2021 II Notes Trustee for the benefit of itself and the holders of the 2021 II Notes; (f) the 2022 II Notes Trustee for the benefit of itself and the holders of the 2022 II Notes; (g) the 2023 II Notes Trustee for the benefit of itself and the holders of the 2023 II Notes; (h) the lender to the 2017 Dual Tranche Term Facility; (i) the 2024 Notes Trustee for the benefit of itself and the holders of the 2024 Notes; (j) the lenders to the 2019 Term Loan Facility; (k) the 2024 II Notes Trustee for the benefit of itself and the holders of the 2024 II Notes; (l) the 2025 Notes Trustee for the benefit of itself and the holders of the 2025 Notes; (m) the 2026 Notes Trustee for the benefit of itself and the holders of the 2026 Notes; (n) the 2025 II Notes Trustee for the benefit of itself and the holders of the 2025 II Notes; (o) the 2021 III Notes Trustee for the benefit of itself and the holders of the 2021 III Notes; (p) any holder of Permitted Pari Passu Secured Indebtedness or their representative, agent or trustee who may become parties to the Intercreditor agreement; and (m) each financial institution or institutional investor that succeeds to the interests of the foregoing and after the Original Issue Date becomes a “Secured Party.”

“Secured Party Documents” means the Indenture, the 2022 Notes Indenture, the 2023 Notes Indenture, the 2021 Notes Indenture, the 2021 II Notes Indenture, the 2022 II Notes Indenture, the 2023 II Notes Indenture, the agreement governing the 2017 Dual Tranche Term Facility, the 2024 Notes Indenture, the agreement governing the 2019 Term Loan Facility, the 2024 II Notes Indenture, the 2025 Notes Indenture, the 2026 Notes Indenture, the 2025 II Notes Indenture, the 2021 III Notes Indenture and the Permitted Pari Passu Secured Indebtedness Documents.

“Security Documents” means (a) the share charges and any other agreements or instruments that may evidence or create any security interest in favor of the Collateral Trustee in any or all of the Collateral; (b) the Intercreditor Agreement; and (c) any other agreements granting security in respect of the Permitted Pari Passu Secured Indebtedness and any additional share charges or other security documents executed from time to time by the Company, any Subsidiary Guarantor Pledgor or future Subsidiary Guarantor Pledgor in favor of the Collateral Trustee.

“Senior Indebtedness” of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to (a) in respect of the Company, the Notes or, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee or, (c) in respect of any Restricted Subsidiary that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; *provided that* Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Indenture.

“Significant Restricted Subsidiary” means a Restricted Subsidiary, 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 Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire not less than a majority of the Capital Stock of a Person for consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity 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.

“Subsidiary Guarantee” means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided that* Subsidiary Guarantor will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

“Subsidiary Guarantor Pledgor” means any initial Subsidiary Guarantor Pledgor named herein and any other Subsidiary Guarantor which pledges Collateral to secure the obligations of the Company under the Notes and the Indenture and of such Subsidiary Guarantor under its Subsidiary Guarantee; *provided that* a Subsidiary Guarantor Pledgor will not include any person whose pledge under the Security Documents has been released in accordance with the Security Documents, the Indenture and the Notes.

“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, Hong Kong and Singapore 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, Hong Kong and Singapore or any agency of any of the foregoing, in each case maturing within one year;
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, Hong Kong or Singapore, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US\$100.0 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the U.S. Securities Exchange Act of 1934, as amended) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;
3. repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;
4. commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P;
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; and
7. demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with (i) Agricultural Bank of China, Bank of China, Industrial and Commercial Bank of China, China Construction Bank, China Merchants Bank, Bank of Communications, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, and (ii) any PRC branch of any bank under clause (2) above, (iii) any other bank, trust company or other financial institution organized under the laws of the PRC whose long-term debt is rated as high or higher than any of those banks listed in clause (i) of this paragraph or (iv) any other bank, trust company or other financial institution organized under the laws of the PRC; *provided that*, in the case of

clause (iv), such deposits do not exceed US\$10.0 million (or the Dollar Equivalent thereof) with any single bank, trust company or other financial institution or US\$30.0 million (or the Dollar Equivalent thereof) in the aggregate, at any date of determination thereafter.

“Total Assets” means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements); *provided that* only with respect to Indebtedness of the type described in 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 in each case as of such date, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness; provided further that with respect to the determination of the percentage of Total Assets represented by the Non-Guaranteed Portion in connection with the issuance of any JV Subsidiary Guarantee, Total Assets shall give pro forma effect to the sale or issuance of Capital Stock to Independent Third Parties relating to (i) the issuance of the JV Subsidiary Guarantee giving rise to the calculation of Non Guaranteed Portion and (ii) any other Restricted Subsidiary that became a JV Subsidiary Guarantor after the end of the most recent fiscal quarter for which consolidated financial statements of the Company are available.

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“Transaction Date” means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the Company 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. However, for the purposes of “The Subsidiary Guarantees” section, “Wholly Owned” means the ownership 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.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult their legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

The Notes and the Subsidiary Guarantees have not been and will not be registered under the Securities Act and may not be offered, sold or delivered 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. Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

By its purchase of the Notes, each purchaser of the Notes will be deemed to:

1. represent that it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a purchaser that is outside the United States, 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;
2. acknowledge that the Notes and the Subsidiary Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except as set forth below;
3. agree that it will inform each person to whom it transfers the Notes of any restrictions on transfer of such Notes;
4. understand that the Notes will be represented by the Global Certificate and that transfers thereto are restricted as described under “Description of the Notes – Book-Entry; Delivery and Form”;
5. acknowledge that the Company, the Subsidiary Guarantors, the Trustee, the Registrar, the Paying Agent, the Joint Lead Managers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agree that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Company, the Subsidiary Guarantors, the Trustee, the Paying Agent and the Joint Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account; and
6. acknowledge that neither the Company nor the Joint Lead Managers nor any person representing the Company or Joint Lead Managers has made any representation with respect to the Company 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.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

To fund our existing property projects and to finance our working capital requirements, we have entered into loan agreements with various financial institutions and have issued bonds to investors. As of December 31, 2019, our total interest-bearing bank and other borrowings, corporate bonds and senior notes amounted to RMB55,668.5 million. Set forth below is a summary of the material terms and conditions of the loans, bonds and other indebtedness incurred by us as of the date of this offering memorandum.

Asset-backed Securities

On January 31, 2019, certain subsidiaries of the Company issued Asset-backed Securities with an aggregate principal amount of RMB712 million in the PRC. The Asset-backed Securities with an aggregate principal amount of RMB136 million, RMB68 million, RMB72 million, RMB76 million, RMB81 million, RMB87 million, RMB93 million and RMB99 million have a coupon rate of 7.4% per annum and are due on January 30, 2020, January 30, 2021, January 30, 2022, January 30, 2023, January 30, 2024, January 30, 2025, January 30, 2026 and January 30, 2027, respectively. The Asset-backed Securities are backed by certain account receivables for the balance of property management fee from a variety of projects. As of the date of this offering memorandum, the entire amount of the Asset-backed Securities remains outstanding.

On July 14, 2020, certain subsidiaries of the Company issued RMB1,043 million two-year Asset-backed Securities with deduction of certain percentage of upfront fee in the PRC. The Asset-backed Securities are backed by the right of receipt of the remaining sales proceeds of certain properties to be delivered from a variety of projects. As of the date of this offering memorandum, the entire amount of the Asset-backed Securities remains outstanding.

2021 III Notes

On June 9, 2020, we entered into an indenture (as amended and supplemented from time to time, the “2021 III Notes Indentures”) pursuant to which we issued the US\$40,000,000 principal amount of the 7.5% Senior Note due 2021. As of the date of this offering memorandum all of the 2021 III Notes remained outstanding.

Guarantee

The obligations pursuant to the 2021 III Notes are guaranteed by the subsidiary guarantors specified in the relevant 2021 III Notes Indenture (the “2021 III Notes Subsidiary Guarantors”). Under certain circumstances and subject to certain conditions, a guarantee by a 2021 III Notes Subsidiary Guarantor may be replaced by a limited recourse guarantee, referred to as a JV subsidiary guarantee in the relevant 2021 III Notes Indenture. The 2021 III Notes Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2021 III Notes.

Collateral

The 2021 III Notes and the subsidiary guarantees provided by the 2021 III Notes Subsidiary Guarantors are secured by the Shared Collateral (as defined below). See “-2023 Notes-Collateral.”

Interest

The 2021 III Notes bear an interest rate of 7.5% per annum. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the 2021 III Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends;
- transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The 2021 III Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2021 III Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2021 III Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2021 III Notes Indenture or the holders of at least 25% of the outstanding 2021 III Notes may declare the principal of the 2021 III Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control Triggering Event

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding 2021 III Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to (but not including) the repurchase date.

Maturity and Redemption

The maturity date of the 2021 III Notes is June 11, 2021. At any time and from time to time, we may redeem up to 35% of the aggregate principal outstanding amount of the Notes at a redemption price of 107.5% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

In addition, we may redeem the 2021 III Notes, in whole but not in part, at any time, at a redemption price equal to 100% of the principal amount of the 2021 III Notes, plus a premium and any accrued and unpaid interest, if any, to (but not including) the redemption date.

2020 Term Loan Facility

On May 27, 2020, we entered into a facility agreement with Hang Seng Bank Limited as lender, in connection with a term facility of up to US\$30,000,000 with the possibility of incremental term loan facilities subject to and on the terms thereto. The final repayment date under the 2020 Term Loan Facility is 36 months from the date of the facility agreement. As of the date of this offering memorandum, we have drawn down US\$30,000,000.

Interest

Principal amounts outstanding under the 2020 Term Loan Facility bear interest at a floating rate calculated by reference to LIBOR with an additional margin of 2.65% per annum. If the occupancy rate of each calendar month within a period of three calendar months, starting on the first day of any calendar month, is 80% or above, then the margin starting after the end of period will be reduced to 2.25% per annum.

Guarantee

Our obligations under the 2020 Term Loan Facility are guaranteed by certain subsidiaries which are incorporated outside the PRC.

Security

The 2020 Term Loan Facility is secured by a mortgage on a serviced apartment located in Hong Kong given by Great Bonus Limited, our indirect wholly-owned subsidiary, in favor of Hang Seng Bank Limited.

Covenants

The 2020 Term Loan Facility limits our ability and the ability of the other obligors under the 2020 Term Loan Facility 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 2020 Term Loan Facility requires the Company to maintain certain financial ratios, tested on a semi-annual basis. For example, the Company's consolidated tangible net worth must not be less than RMB10 billion at any time, the Company's ratio of consolidated current assets to consolidated current liabilities must not be less than 1.3:1 at any time and the Company's ratio of consolidated PRC borrowings to consolidated total assets must be less than 0.4:1 at any time.

Events of Default

The 2020 Term Loan Facility contains 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.

2020 Term Loan Facility II

On May 27, 2020, we, as guarantor, and our indirect wholly-owned subsidiary Great Bonus Limited, as borrower, entered into a facility agreement with Hang Seng Bank Limited, as lender, in connection with a term facility of up to US\$40,000,000 with the possibility of incremental term loan facilities subject to and on the terms thereto. The final repayment date under the 2020 Term Loan Facility II is 36 months from the date of the facility agreement. As of the date of this offering memorandum, we have drawn down US\$40,000,000.

Interest

Principal amounts outstanding under the 2020 Term Loan Facility II bear interest at a floating rate calculated by reference to LIBOR with an additional margin of 1.20% per annum.

Guarantee

The borrower's obligations under the 2020 Term Loan Facility II are guaranteed by us.

Security

The 2020 Term Loan Facility II is secured by a subordination deed, a mortgage on a serviced apartment located in Hong Kong given by Great Bonus Limited in favor of Hang Seng Bank Limited, a debenture, a charge over charged accounts, an assignment of rental and sale proceeds and an assignment of insurances.

Covenants

The 2020 Term Loan Facility II limits our ability and the ability of the other obligors under the 2020 Term Loan Facility II 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.

Events of Default

The 2020 Term Loan Facility II contains 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.

2025 II Notes

On February 20, 2020, we entered into an indenture (as amended and supplemented from time to time, the "2025 II Notes Indentures") pursuant to which we issued the US\$400,000,000 principal amount of the 7.7% Senior Note due 2025. As of the date of this offering memorandum all of the 2025 II Notes remained outstanding.

Guarantee

The obligations pursuant to the 2025 II Notes are guaranteed by the subsidiary guarantors specified in the relevant 2025 II Notes Indenture (the "2025 II Notes Subsidiary Guarantors"). Under certain circumstances and subject to certain conditions, a guarantee by a 2025 II Notes Subsidiary Guarantor may be replaced by a limited recourse guarantee, referred to as a JV subsidiary guarantee in the relevant 2025 II Notes Indenture. The 2025 II Notes Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2025 II Notes.

Collateral

The 2025 II Notes and the subsidiary guarantees provided by the 2025 II Notes Subsidiary Guarantors are secured by the Shared Collateral (as defined below). See “-2023 Notes-Collateral.”

Interest

The 2025 II Notes bear an interest rate of 7.7% per annum. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the 2025 II Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries’ ability to pay dividends,
- transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The 2025 II Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2025 II Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2025 II Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2025 II Notes Indenture or the holders of at least 25% of the outstanding 2025 II Notes may declare the principal of the 2025 II Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control Triggering Event

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding 2025 II Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to (but not including) the repurchase date.

Maturity and Redemption

The maturity date of the 2025 II Notes is February 20, 2025. At any time and from time to time on or after February 20, 2023, we may redeem the 2025 II Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2025 II Notes, plus a premium and any accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on February 20 of each of the years indicated below.

Period	Redemption Price
2023	103.0%
2024 and thereafter	101.0%

At any time prior to February 20, 2023, we may redeem the 2025 II Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2025 II Notes, plus a premium and any accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to February 20, 2023, we may redeem up to 35% of the aggregate principal amount of the 2025 II Notes at a redemption price equal to 107.7% of the principal amount of the 2025 II Notes, plus any accrued and unpaid interest, if any, to (but not including) the redemption date with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

Additionally, upon the occurrence of a Change of Control, the Company will make an offer to repurchase all outstanding 2025 II 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.

2026 Notes

On January 13, 2020, we entered into an indenture (as amended and supplemented from time to time, the “2026 Notes Indentures”) pursuant to which we issued the US\$645,000,000 principal amount of the 7.375% Senior Note due 2026. As of the date of this offering memorandum all of the 2026 Notes remained outstanding.

Guarantee

The obligations pursuant to the 2026 Notes are guaranteed by the subsidiary guarantors specified in the relevant 2026 Notes Indenture (the “2026 Notes Subsidiary Guarantors”). Under certain circumstances and subject to certain conditions, a guarantee by a 2026 Notes Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV subsidiary guarantee in the relevant 2026 Notes Indenture. The 2026 Notes Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2026 Notes.

Collateral

The 2026 Notes and the subsidiary guarantees provided by the 2026 Notes Subsidiary Guarantors are secured by the Shared Collateral (as defined below). See “–2023 Notes–Collateral.”

Interest

The 2026 Notes bear an interest rate of 7.375% per annum. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the 2026 Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends,
- transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The 2026 Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2026 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2026 Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2026 Notes Indenture or the holders of at least 25% of the outstanding 2026 Notes may declare the principal of the 2026 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 obligated to make an offer to repurchase all outstanding 2026 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to the repurchase date.

Maturity and Redemption

The maturity date of the 2026 Notes is January 13, 2026. At any time and from time to time on or after January 13, 2024, we may redeem the 2026 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2026 Notes, plus a premium and any accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on January 13 of each of the years indicated below.

Period	Redemption Price
2024	103.0%
2025 and thereafter	101.0%

At any time prior to January 13, 2024, we may redeem the 2026 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2026 Notes, plus a premium and any accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to January 13, 2024, we may redeem up to 35% of the aggregate principal amount of the 2026 Notes at a redemption price equal to 107.375% of the principal amount of the 2026 Notes, plus any accrued and unpaid interest, if any, to (but not including) the redemption date with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

Additionally, upon the occurrence of a Change of Control, the Company will make an offer to repurchase all outstanding 2026 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.

2025 Notes

On November 27, 2019, we entered into an indenture (as amended and supplemented from time to time, the “2025 Notes Indenture”) pursuant to which we issued the US\$500,000,000 principal amount of the 8.3% Senior Note due 2025. As of the date of this offering memorandum all of the 2025 Notes remained outstanding.

Guarantee

The obligations pursuant to the 2025 Notes are guaranteed by the subsidiary guarantors specified in the relevant 2025 Notes Indenture (the “2025 Notes Subsidiary Guarantors”). Under certain circumstances and subject to certain conditions, a guarantee by a 2025 Notes Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV subsidiary guarantee in the relevant 2025 Notes Indenture. The 2025 Notes Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2025 Notes.

Collateral

The 2025 Notes and the subsidiary guarantees provided by the 2025 Notes Subsidiary Guarantors are secured by the Shared Collateral (as defined below). See “– 2023 Notes – Collateral.”

Interest

The 2025 Notes bear an interest rate of 8.3% per annum. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the 2025 Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends,
- transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The 2025 Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2025 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2025 Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2025 Notes Indenture or the holders of at least 25% of the outstanding 2025 Notes may declare the principal of the 2025 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 obligated to make an offer to repurchase all outstanding 2025 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to the repurchase date.

Maturity and Redemption

The maturity date of the 2025 Notes is May 27, 2025. At any time and from time to time on or after November 27, 2022, we may redeem the 2025 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on November 27 of each of the years indicated below.

Period	Redemption Price
2022	103.0%
2023 and thereafter	101.0%

At any time prior to November 27, 2022, we may redeem the 2025 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2025 Notes, plus a premium and any accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to November 27, 2022, we may redeem up to 35% of the aggregate principal amount of the 2025 Notes at a redemption price equal to 108.3% of the principal amount of the 2025 Notes, plus any accrued and unpaid interest, if any, to (but not including) the redemption date with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

Additionally, upon the occurrence of a Change of Control, the Company will make an offer to repurchase all outstanding 2025 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.

2024 II Notes

On October 30, 2019, we entered into an indenture (as amended and supplemented from time to time, the “2024 II Notes Indenture”) pursuant to which we issued the US\$500,000,000 principal amount of the 8.375% Senior Note due 2024. As of the date of this offering memorandum all of the 2024 II Notes remained outstanding.

Guarantee

The obligations pursuant to the 2024 II Notes are guaranteed by the subsidiary guarantors specified in the relevant 2024 II Notes Indenture (the “2024 II Notes Subsidiary Guarantors”). Under certain circumstances and subject to certain conditions, a guarantee by a 2024 II Notes Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV subsidiary guarantee in the relevant 2024 II Notes Indenture. The 2024 II Notes Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2024 II Notes.

Collateral

The 2024 II Notes and the subsidiary guarantees provided by the 2024 II Notes Subsidiary Guarantors are secured by the Shared Collateral (as defined below). See “–2023 Notes–Collateral.”

Interest

The 2024 II Notes bear an interest rate of 8.375% per annum. Interest is payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the 2024 II Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;

- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends,
- transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The 2024 II Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2024 II Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2024 II Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2024 II Notes Indenture or the holders of at least 25% of the outstanding 2024 II Notes may declare the principal of the 2024 II 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 obligated to make an offer to repurchase all outstanding 2024 II Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to the repurchase date.

Maturity and Redemption

The maturity date of the 2024 II Notes is October 30, 2024. At any time and from time to time on or after October 30, 2022, we may redeem the 2024 II Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on October 30 of each of the years indicated below.

Period	Redemption Price
2022	103.0%
2023	101.0%

At any time prior to October 30, 2022, we may redeem the 2024 II Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2024 II Notes, plus a premium and any accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to October 30, 2022, we may redeem up to 35% of the aggregate principal amount of the 2024 II Notes at a redemption price equal to 108.375% of the principal amount of the 2024 II Notes, plus any accrued and unpaid interest, if any, to (but not including) the redemption date with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

Additionally, upon the occurrence of a Change of Control, the Company will make an offer to repurchase all outstanding 2024 II 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.

2019 Term Loan Facility

On October 16, 2019, we entered into a facility agreement with China Construction Bank Corporation, Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank Limited, Bank of China (Hong Kong) Limited, Nanyang Commercial Bank, Limited and CMB Wing Lung Bank Limited, as arrangers and lenders, and The Hongkong and Shanghai Banking Corporation Limited, as agent, in connection with a term facility of up to US\$220,000,000 with the possibility of incremental term loan facilities subject to and on the terms thereto. The final repayment date under the 2019 Term Loan Facility is 42 months from the date of the facility agreement. As of the date of this offering memorandum, we have drawn down US\$220,000,000.

Collateral

Lenders to the 2019 Term Facility share the Collateral on a *pari passu* basis with (i) holders of the 2022 Notes; (ii) holders of the 2023 Notes; (iii) holders of the 2021 Notes, (iv) holders of the 2021 II Notes, (v) holders of the 2022 II Notes, (vi) holders of the 2023 II Notes, (vii) lenders of the 2017 Dual Tranche Term Loan Facility, (viii) holders of the 2024 Notes, (ix) holders of the 2024 II Notes, (x) holders of the 2025 Notes, (xi) holders of the 2026 Notes, (xii) holders of the 2025 II Notes, (xiii) holders of the 2021 III Notes and (xiv) holders of any future Permitted Pari Passu Secured Indebtedness (including holders of the Notes).

Interest

Principal amounts outstanding under the 2019 Term Loan Facility bear interest at a floating rate calculated by reference to LIBOR with an additional margin of 3.85% per annum.

Guarantee

Our obligations under the 2019 Term Loan Facility are guaranteed by certain subsidiaries which are incorporated outside the PRC.

Covenants

The 2019 Term Loan Facility limits our ability and the ability of the other obligors under the 2019 Term Loan Facility 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 Facility requires the Company to maintain certain financial ratios, tested on a semi-annual basis. For example, the Company's consolidated tangible net worth must not be less than RMB10 billion at any time, the Company's ratio of consolidated current assets to consolidated current liabilities must not be less than 1.3:1 at any time and the Company's ratio of consolidated PRC borrowings to consolidated total assets must be less than 0.4:1 at any time.

Events of Default

The 2019 Term Loan Facility contains 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.

2024 Notes

On February 26, 2019, we entered into an indenture (as amended and supplemented from time to time, the "2024 Notes Indenture") pursuant to which we issued US\$500,000,000 principal amount of the 8.5% Senior Notes due 2024.

Guarantee

The obligations pursuant to the 2024 Notes are guaranteed by the subsidiary guarantors specified in the 2024 Notes Indenture (the "2024 Subsidiary Guarantors"). Under certain circumstances and subject to certain conditions, a guarantee by a 2024 Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV subsidiary guarantee in the 2024 Notes Indenture. Each of the 2024 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2024 Notes.

Collateral

The 2024 Notes and the subsidiary guarantees provided by the 2024 Subsidiary Guarantors are secured by the Shared Collateral (as defined below). See "- 2023 Notes – Collateral."

Interest

The 2024 Notes bear an interest rate of 8.5% per annum. Interest is payable semi-annually in arrears on February 26 and August 26 of each year, commencing on February 26, 2019.

Covenants

Subject to certain conditions and exceptions, the 2024 Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends,
- transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The 2024 Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2024 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2024 Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2024 Notes Indenture or the holders of at least 25% of the outstanding 2024 Notes may declare the principal of the 2024 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control Triggering Event

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding 2024 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to (but not including) the repurchase date.

Maturity and Redemption

The maturity date of the 2024 Notes is February 26, 2024.

At any time and from time to time on or after February 26, 2022, we may redeem the 2024 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on February 26 of each of the years indicated below.

Period	Redemption Price
2022	104.250%
2023	102.125%

At any time on or after February 26, 2022, we may redeem the 2024 Notes, in whole or in part, at a redemption price equal to 104.25% of the principal amount of the 2023 II Notes plus accrued and unpaid interest, if any, to (but not including), the redemption date.

At any time prior to February 26, 2022, we may redeem the 2024 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2024 Notes plus a premium, and accrued and unpaid interest, if any, to (but not including), the redemption date.

At any time and from time to time, we may redeem up to 35% of the aggregate principal amount of the 2024 Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 108.5% the principal amount of the 2024 Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2024 Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

Additionally, upon the occurrence of a Change of Control Triggering Event, the Company will make an offer to repurchase all outstanding 2024 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.

2023 II Notes

On February 4, 2019, we entered into an indenture (as amended and supplemented from time to time, the “2023 II Notes Indenture”) pursuant to which we issued US\$500,000,000 principal amount of the 8.5% Senior Notes due 2023.

Guarantee

The obligations pursuant to the 2023 II Notes are guaranteed by the subsidiary guarantors specified in the 2023 II Notes Indenture (the “2023 II Subsidiary Guarantors”). Under certain circumstances and subject to certain conditions, a guarantee by a 2023 II Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV subsidiary guarantee in the 2023 II Notes Indenture. Each of the 2023 II Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2023 II Notes.

Collateral

The 2023 II Notes and the subsidiary guarantees provided by the 2023 II Subsidiary Guarantors are secured by the Shared Collateral (as defined below). See “- 2023 Notes – Collateral.”

Interest

The 2023 II Notes bear an interest rate of 8.5% per annum. Interest is payable semi-annually in arrears on February 4 and August 4 of each year, commencing on February 4, 2019.

Covenants

Subject to certain conditions and exceptions, the 2023 II Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends,
- transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The 2023 II Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2023 II Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2023 II Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2023 II Notes Indenture or the holders of at least 25% of the outstanding 2023 II Notes may declare the principal of the 2023 II Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control Triggering Event

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding 2023 II Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to (but not including) the repurchase date.

Maturity and Redemption

The maturity date of the 2023 II Notes is February 4, 2023.

At any time on or after February 4, 2022, we may redeem the 2023 II Notes, in whole or in part, at a redemption price equal to 104.25% of the principal amount of the 2023 II Notes plus accrued and unpaid interest, if any, to (but not including), the redemption date.

At any time prior to February 4, 2022, we may redeem the 2023 II Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2023 II 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, we may redeem up to 35% of the aggregate principal amount of the 2023 II Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 108.5% the principal amount of the 2023 II Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the 2023 II Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

Additionally, upon the occurrence of a Change of Control Triggering Event, the Company will make an offer to repurchase all outstanding 2023 II 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.

2022 II Notes

On January 23, 2019, we entered into an indenture (as amended and supplemented from time to time, the “2022 II Notes Indenture”) pursuant to which we issued US\$500,000,000 principal amount of the 8.625% Senior Notes due 2022. On December 5, 2019, we completed the repurchase of an aggregate principal amount of US\$257,931,000 of 2022 II Notes upon the terms and subject to the conditions set forth in the offer to purchase, dated November 21, 2019, representing 51.59% of the outstanding principal amount of US\$500,000,000 prior to the tender offer. As of the date of this offering memorandum, a principal amount of US\$242,069,000 of the 2022 II Notes remained outstanding.

Guarantee

The obligations pursuant to the 2022 II Notes are guaranteed by the subsidiary guarantors specified in the 2022 II Notes Indenture (the “2022 II Subsidiary Guarantors”). Under certain circumstances and subject to certain conditions, a guarantee by a 2022 II Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV subsidiary guarantee in the 2022 II Notes Indenture. Each of the 2022 II Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2022 II Notes.

Collateral

The 2022 II Notes and the subsidiary guarantees provided by the 2022 II Subsidiary Guarantors are secured by the Shared Collateral (as defined below). See “- 2023 Notes – Collateral.”

Interest

The 2022 II Notes bear an interest rate of 8.625% per annum. Interest is payable semi-annually in arrears on January 23 and July 23 of each year, commencing on July 23, 2019.

Covenants

Subject to certain conditions and exceptions, the 2022 II Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries’ ability to pay dividends,
- transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The 2022 II Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2022 II Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2022 II Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2022 II Notes Indenture or the holders of at least 25% of the outstanding 2022 II Notes may declare the principal of the 2022 II Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control Triggering Event

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding 2022 II Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to (but not including) the repurchase date.

Maturity and Redemption

The maturity date of the 2022 II Notes is January 23, 2022.

At any time, we may redeem the 2022 II Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2022 II Notes, plus a premium and any accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time, we may redeem up to 35% of the aggregate principal amount of the 2022 II Notes at a redemption price equal to 108.625% of the principal amount of the 2022 II Notes, plus any accrued and unpaid interest, if any, to (but not including) the redemption date with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

Additionally, upon the occurrence of a Change of Control Triggering Event, the Company will make an offer to repurchase all outstanding 2022 II 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.

2021 II Notes

On May 11, 2018, we entered into an indenture (as amended and supplemented from time to time, the “2021 II Notes Indenture”) pursuant to which we issued US\$200,000,000 principal amount of the 7.90% Senior Notes due 2021 the “Original 2021 II Notes”. On July 30, 2018, we issued an additional US\$425,000,000 principal amount of the 7.90% Senior Notes due 2021, which are consolidated and form a single series with the Original 2021 II Notes. On November 12, 2019, we completed the repurchase of an aggregate principal amount of US\$272,524,000 of 2021 II Notes upon the terms and subject to the conditions set forth in the offer to purchase, dated October 23, 2019, representing 43.60% of the outstanding principal amount of US\$625,000,000 prior to the tender offer. As of the date of this offering memorandum, a principal amount of US\$352,476,000 of the 2021 II Notes remained outstanding.

Guarantee

The obligations pursuant to the 2021 II Notes are guaranteed by the subsidiary guarantors specified in the 2021 II Notes Indenture (the “2021 II Subsidiary Guarantors”). Under certain circumstances and subject to certain conditions, a guarantee by a 2021 II Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV subsidiary guarantee in the 2021 II Notes Indenture. Each of the 2021 II Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2021 II Notes.

Collateral

The 2021 II Notes and the subsidiary guarantees provided by the 2021 II Subsidiary Guarantors are secured by the Shared Collateral (as defined below). See “- 2023 Notes – Collateral.”

Interest

The 2021 II Notes bear an interest rate of 7.90% per annum. Interest is payable semi-annually in arrears on May 11 and November 11 of each year, commencing on November 11, 2018.

Covenants

Subject to certain conditions and exceptions, the 2021 II Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends,
- transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The 2021 II Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2021 II Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2021 II Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2021 II Notes Indenture or the holders of at least 25% of the outstanding 2021 II Notes may declare the principal of the 2021 II Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control Triggering Event

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding 2021 II Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to (but not including) the repurchase date.

Maturity and Redemption

The maturity date of the 2021 II Notes is May 11, 2021. At any time and from time to time on or after May 11, 2020, we may redeem the 2021 II Notes, in whole or in part, at a redemption price of 103.95% of the principal amount of the 2021 II Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to May 11, 2020, we may redeem the 2021 II Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2021 II Notes, plus a premium and any accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to May 11, 2020, we may redeem up to 35% of the aggregate principal amount of the 2021 II Notes at a redemption price equal to 107.90% of the principal amount of the 2021 II Notes, plus any accrued and unpaid interest, if any, to (but not including) the redemption date with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

Additionally, upon the occurrence of a Change of Control Triggering Event, the Company will make an offer to repurchase all outstanding 2021 II 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.

2021 Notes

On March 6, 2018, we entered into an indenture (as amended and supplemented from time to time, the “2021 Notes Indenture”) pursuant to which we issued US\$375,000,000 principal amount of the 6.375% Senior Notes due 2021. As of the date of this offering memorandum, a principal amount of US\$375,000,000 of the 2021 Notes remained outstanding.

Guarantee

The obligations pursuant to the 2021 Notes are guaranteed by the subsidiary guarantors specified in the 2021 Notes Indenture (the “2021 Subsidiary Guarantors”). Under certain circumstances and subject to certain conditions, a guarantee by a 2022 Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV subsidiary guarantee in the 2021 Notes Indenture. Each of the 2021 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2021 Notes.

Collateral

The 2021 Notes and the subsidiary guarantees provided by the 2021 Subsidiary Guarantors are secured by the Shared Collateral (as defined below). See “- 2023 Notes – Collateral.”

Interest

The 2021 Notes bear an interest rate of 6.375% per annum. Interest is payable semi-annually in arrears on March 6 and September 6 of each year, commencing on September 6, 2018.

Covenants

Subject to certain conditions and exceptions, the 2021 Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends,
- transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The 2021 Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2021 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2021 Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2021 Notes Indenture or the holders of at least 25% of the outstanding 2021 Notes may declare the principal of the 2021 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control Triggering Event

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding 2021 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to the repurchase date.

Maturity and Redemption

The maturity date of the 2021 Notes is March 6, 2021. At any time and from time to time on or after March 6, 2020, we may redeem the 2021 Notes, in whole or in part, at a redemption price of 103.1875% of the principal amount of the 2021 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to March 6, 2020, we may redeem the 2021 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2021 Notes, plus a premium and any accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to March 6, 2020, we may redeem up to 35% of the aggregate principal amount of the 2021 Notes at a redemption price equal to 106.375% of the principal amount of the 2021 Notes, plus any accrued and unpaid interest, if any, to (but not including) the redemption date with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

Additionally, upon the occurrence of a Change of Control Triggering Event, the Company will make an offer to repurchase all outstanding 2021 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.

Senior Perpetual Securities

On September 29, 2017, we issued an aggregate principal amount of US\$300,000,000 Senior Perpetual Securities. As at the date of this Offering Memorandum, we had a total of US\$300,000,000 aggregate principal amount of the Senior Perpetual Securities outstanding.

Distributions

The Senior Perpetual Securities confer a right to receive distributions semi-annually in arrear at the following distribution rates:

- an initial distribution rate of 5.375% per annum from and including the issue date to and excluding the first call date,
- thereafter a distribution rate referencing U.S. treasury rates plus an initial spread of 3.527% as well as a step-up margin of 5.0% from and including the first call date until and excluding the first reset date,
- thereafter a distribution rate referencing U.S. treasury rates plus an initial spread of 3.527% as well as a step-up margin of 5.0% from and including the additional reset date, or any reset date falling on and after thereto, until and excluding the next reset date.

We have the option to redeem the securities upon the occurrence of a change of control triggering event. If we elect not to redeem, the applicable distribution rate will increase by 5.00% per annum beginning from the 30th day after the occurrence of the change of control triggering event. Subject to certain conditions, we may elect to defer, in whole or in part, distributions which is otherwise scheduled to be paid on a distribution payment date to the next distribution payment date. However, if a distribution is deferred or has not been made in full, we may not declare or pay any discretionary dividend or distributions, and will procure that no discretionary dividend or distributions is made on any junior obligations or parity obligations, including our shares. If we fail to make distributions in accordance with the terms of the Senior Perpetual Securities, the trustee of the Senior Perpetual Securities may initiate proceedings for our winding-up and claim in the winding-up proceedings for the principal amount and the relevant distributions accrued on the Senior Perpetual Securities prior to the commencement of the winding-up proceedings. The distributions on the Senior Perpetual Securities are not accounted for as interest expenses under HKFRS and we therefore do not include such distributions when calculating the Fixed Charge Coverage Ratio under our bank facilities and senior notes, including the Notes.

Maturity and Redemption

There is no fixed maturity date for the Senior Perpetual Securities. We may redeem the Senior Perpetual Securities, in whole, but not in part, on the first call date or any distribution payment date after the first call date. The Senior Perpetual Securities may be redeemed at our option in whole, but not in part, (a) at their early

redemption price upon the occurrence of any change or amendment to the relevant account standard such that the Senior Perpetual Securities must not or must no longer be recorded as our “equity” pursuant to the relevant accounting standard; or (b) at 100% of the outstanding principal amount if (i) the aggregate principal amount of the Senior Perpetual Securities outstanding is less than 20% of the aggregate principal amount originally issued, (ii) the occurrence of certain changes in specified tax laws or certain other circumstances or (iii) the occurrence of a relevant indebtedness event.

2017 Dual Tranche Term Facility

On November 1, 2017, the Company and China Construction Bank (Asia) Corporation Limited, Chiyu Banking Corporation Limited, Fubon Bank (Hong Kong) Limited, Hang Seng Bank Limited, Nanyang Commercial Bank (China) Limited, Shenzhen Branch 南洋商業銀行(中國)有限公司深圳分行, Shanghai Pudong Development Bank Co Ltd, Hong Kong Branch, The Bank of East Asia, Limited 東亞銀行有限公司 and The Hongkong and Shanghai Banking Corporation Limited as the arrangers and lenders, and The Hongkong and Shanghai Banking Corporation Limited as agent, entered into a facility agreement dated November 1, 2017 in connection with a dual tranche term facility of up to US\$258.0 million and HK\$334.0 million (the “2017 Dual Tranche Term Facility”). The final repayment date under the 2017 Dual Tranche Term Facility is 42 months from the date of the facility agreement. As of the date of this offering memorandum, we have drawn down US\$258.0 million and HK\$334.0 million.

Collateral

Lenders to the 2017 Dual Tranche Term Facility share the Collateral on a *pari passu* basis with (i) holders of the 2022 Notes; (ii) holders of the 2023 Notes; (iii) holders of the 2021 Notes, (iv) holders of the 2021 II Notes, (v) holders of the 2022 II Notes, (vi) holders of the 2023 II Notes, (vii) lenders of the 2017 Dual Tranche Term Loan Facility, (viii) holders of the 2024 Notes, (ix) holders of the 2024 II Notes, (x) holders of the 2025 Notes, (xi) holders of the 2026 Notes, (xii) holders of the 2025 II Notes, (xiii) holders of the 2021 III Notes and (xiv) holders of any future Permitted *Pari Passu* Secured Indebtedness (including holders of the Notes).

Interest

Principal amounts outstanding under the 2017 Dual Tranche Term Facility bear interest at a floating rate calculated by reference to LIBOR for the U.S. dollar tranche and HIBOR for the Hong Kong dollar tranche, in each case with an additional margin of 3.55% per annum.

Guarantee

Each of the Subsidiary Guarantors has agreed to, jointly and severally, guarantee the punctual performance by the Company of all of its obligations under the 2017 Dual Tranche Term Facility. If, following the date of the facility agreement, the Company were to acquire or set up additional non-PRC subsidiaries or the Offshore Non-Guarantor Subsidiaries were to guarantee the debt of any person, the Company must procure that such subsidiaries or Offshore Non-Guarantor Subsidiaries guarantee the 2017 Dual Tranche Term Facility.

Covenants

The 2017 Dual Tranche Term Facility limits our ability and the ability of the other obligors under the 2017 Dual Tranche Term Facility to, among other things:

- create securities over its assets;

- sell, lease, transfer or otherwise dispose assets;
- enter into amalgamation, demerger, merger or corporate reconstruction;
- change the general nature or scope of the business of the Company or other obligors under the 2017 Dual Tranche Term Facility;
- incur restrictions on dividend payments or repayment of financial indebtedness owed by subsidiaries of the Company to other members of the Group; and
- make loans to or guarantees of the indebtedness of third parties.

Financial Ratio Requirements

The terms of the 2017 Dual Tranche Term Facility requires the Company to maintain the following conditions, tested on a semi-annual basis:

- the Company's consolidated tangible net worth must not be less than RMB9 billion at any time;
- the Company's ratio of consolidated current assets to consolidated current liabilities must not be less than 1.3:1 at any time;
- the Company's ratio of consolidated net borrowings to consolidated tangible net worth must not at any time exceed:
 - 1.0:1 for the financial years of the Borrower ending December 31, 2017;
 - 1.0:1 for the financial half-year ending June 30, 2018 and December 31, 2018;
 - 0.95:1 for the financial half-years ending December 31, 2018, June 30, 2019 and December 31, 2019;
 - 0.90:1 for financial years after December 31, 2019;
- the Company's ratio of consolidated EBITDA to consolidated interest expenses in respect of any twelve months ending on the last day of the Company's financial year or half-year must not be less than 2.5:1; and
- the Company's ratio of consolidated PRC borrowings to consolidated total assets must be less than 0.4:1 at any time.

Events of Default

The 2017 Dual Tranche Term Facility contains certain customary events of default, including the following:

- failure to make timely payments;
- failure to comply with the applicable financial ratio requirements or other covenants;
- default on other financial indebtedness where the aggregate amount of such financial indebtedness is at least US\$5 million;

- certain events of insolvency involving a member of the Group;
- expropriation, attachment, sequestration, distress or execution affecting assets of a member of the Group having an aggregate value of at least US\$5 million;
- failure of the Company to maintain ownership of the other obligors as required under the 2017 Dual Tranche Term Facility;
- the finance documents for the 2017 Dual Tranche Term Facility ceasing to be effective;
- the Company's shares ceasing to be listed on the SEHK or the Company is suspended for more than 15 consecutive trading days;
- any of the obligors is suspended or it ceases to carry on any or a material part of its business;
- Mr. Lam Lung On and Ms. Kwok Ying Lan ceasing to collectively hold at least 51% of the voting shares of the Company;
- Mr. Lam Lung On ceasing to be the chairman of the board of directors of the Company;
- occurrence of an event which, in the opinion of the Majority Lenders, has or is likely to have a material adverse effect;
- the authority or ability of any member of the Group to conduct its business is limited by any governmental or regulatory authority in relation to any member of the Group or any of its assets; and
- any member of the Group incorporated in Singapore becoming a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

2022 Notes

On January 25, 2017, we entered into an indenture (as amended and supplemented from time to time, the "2022 Notes Indenture") pursuant to which we issued US\$350,000,000 principal amount of the 6.00% Senior Notes due 2022. As of the date of this offering memorandum, a principal amount of US\$350,000,000 of the 2022 Notes remained outstanding.

Guarantee

The obligations pursuant to the 2022 Notes are guaranteed by the subsidiary guarantors specified in the 2022 Notes Indenture (the "2022 Subsidiary Guarantors"). Under certain circumstances and subject to certain conditions, a guarantee by a 2022 Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV subsidiary guarantee in the 2022 Notes Indenture. Each of the 2022 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2022 Notes.

Collateral

The 2022 Notes and the subsidiary guarantees provided by the 2022 Subsidiary Guarantors are secured by the Shared Collateral (as defined below). See "- 2023 Notes – Collateral."

Interest

The 2022 Notes bear an interest rate of 6.00% per annum. Interest is payable semi-annually in arrears on January 25 and July 25 of each year, commencing on July 25, 2017.

Covenants

Subject to certain conditions and exceptions, the 2022 Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends,
- transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The 2022 Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2022 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2022 Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2022 Notes Indenture or the holders of at least 25% of the outstanding 2022 Notes may declare the principal of the 2022 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control Triggering Event

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding 2022 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest, if any, to (but not including) the repurchase date.

Maturity and Redemption

The maturity date of the 2022 Notes is January 25, 2022. At any time and from time to time on or after January 25, 2020, we may redeem the 2022 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on January 25 of each of the years indicated below:

Period Redemption	Price
2020	103.00%
2021	101.50%

At any time prior to January 25, 2020, we may redeem the 2022 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2022 Notes, plus a premium and any accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to January 25, 2020, we may redeem up to 35% of the aggregate principal amount of the 2022 Notes at a redemption price equal to 106.00% of the principal amount of the 2022 Notes, plus any accrued and unpaid interest, if any, to (but not including) the redemption date with the proceeds from sales of certain kinds of its capital stock, subject to certain conditions.

Additionally, upon the occurrence of a Change of Control Triggering Event, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the repurchase date.

2023 Notes

On October 25, 2016, we entered into an indenture (as amended and supplemented from time to time, the “2023 Notes Indenture”) pursuant to which we issued US\$250,000,000 principal amount of the 6.00% Senior Notes due 2023 (the “Original 2023 Notes”). On July 10, 2019, we issued an additional US\$400,000,000 principal amount of the 6.0% Senior Notes due 2023, which are consolidated and form a single series with the Original 2023 Notes. As of the date of this offering memorandum, a principal amount of US\$250,000,000 of the 2023 Notes remained outstanding.

Guarantee

The obligations pursuant to the 2023 Notes are guaranteed by the subsidiary guarantors specified in the 2023 Notes Indenture (the “2023 Subsidiary Guarantors”). Under certain circumstances and subject to certain conditions, a guarantee by a 2023 Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV subsidiary guarantee in the 2023 Notes Indenture. Each of the 2023 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the 2023 Notes.

Collateral

The 2023 Notes and the subsidiary guarantees provided by the 2023 Subsidiary Guarantors are secured by the Shared Collateral (as defined below). The capital stock of the 2023 Subsidiary Guarantors (the “Shared Collateral”) is currently pledged to secure on a *pari passu* basis our obligation under (i) the 2023 Notes and the related subsidiary guarantees and (ii) other *pari passu* secured indebtedness permitted under the 2023 Notes Indenture.

The Collateral may be released or reduced in the event of certain asset sales and certain other circumstances. In addition, the Company and each subsidiary guarantor pledgor under the 2023 Notes Indenture may, subject to certain conditions, incur additional indebtedness provided that such indebtedness would be on a *pari passu* basis with (i) the 2023 Notes and the related subsidiary guarantees; and (ii) other *pari passu* secured indebtedness permitted under the 2023 Notes Indenture.

Interest

The 2023 Notes bear an interest rate of 6.00% per annum. Interest is payable semi-annually in arrears on April 25 and October 25 of each year, commencing on April 25, 2017.

Covenants

Subject to certain conditions and exceptions, the 2023 Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The 2023 Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the 2023 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the 2023 Notes Indenture. If an event of default occurs and is continuing, the trustee under the 2023 Notes Indenture or the holders of at least 25% of the outstanding 2023 Notes may declare the principal of the 2023 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control Triggering Event

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding 2023 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 Notes is October 25, 2023. At any time on or after October 25, 2020, we may redeem the 2023 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth in the table below if redeemed during each period indicated below, plus any accrued and unpaid interest to the redemption date:

Period	Redemption Price
2020	103.00%
2021	101.50%
2022 and thereafter	100.00%

At any time prior to October 25, 2020, we may redeem the 2023 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2023 Notes, plus a premium and any accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to October 25, 2020, we may redeem up to 35% of the aggregate principal amount of the 2023 Notes at a redemption price equal to 106.00% of the principal amount of the 2023 Notes, plus any accrued and unpaid interest, if any, to (but not including) the redemption date with the proceeds from sales of certain kinds of the Company's capital stock, subject to certain conditions.

Additionally, upon the occurrence of a Change of Control Triggering Event, the Company will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the repurchase date.

Project Loan Agreements

Certain of our Hong Kong and PRC subsidiaries have entered into loan agreements with various Hong Kong and PRC banks, including without limitation China Construction Bank ("CCB"), Industrial and Commercial Bank of China ("ICBC"), Agricultural Bank of China ("ABC"), Bank of China ("BOC"), Industrial Bank Co., Ltd., China Minsheng Banking Corp. Ltd., Bank of Shanghai, Xiamen Bank Co., Ltd., Bank of East Asia ("BEA"), The Hongkong and Shanghai Banking Corporation Limited, China CITIC Bank, Sino-German Bausparkasse, Ping An Bank, China Huarong Asset Management Company Limited, China Credit Trust Co., Ltd (中誠信託有限責任公司), Ping An Trust Co., Ltd (平安信託有限責任公司), Guosen Securities Company Limited (國信證券股份有限公司), Ping An Bank, Western Trust Co., Ltd. These loans typically are project loans to finance the land acquisition, development, construction, operation and maintenance of our projects (the "project loans") and have terms ranging from one to 20 years. As of December 31, 2019, the aggregate outstanding amount under these project loans totaled approximately RMB11,033.2 million, RMB5,041.4 million of which was due within one year or on demand, RMB5,413.9 million of which was due between one and five years and RMB577.9 million of which was due beyond five years. Our project loans are typically secured by land use rights and properties as well as guaranteed by certain of our other Hong Kong and PRC subsidiaries. Some of the project loans are guaranteed by certain directors of our Company.

Interest

The principal amounts outstanding under the project loans primarily bear interest at floating rates calculated by reference to the relevant bank's benchmark interest rate per annum. Floating interest rates generally are subject to review by the banks annually or quarterly. Interest payments are payable either

monthly or quarterly and must be made on each payment date as provided in the particular loan agreement. As of December 31, 2019, the effective interest rate on the aggregate outstanding amount of our project loans ranged from 4.3% per annum to 13.0% per annum.

Dividend restrictions

Pursuant to the project loans with CCB, ICBC, ABC, BOC, China Minsheng Banking Corp. Ltd., Bank of Shanghai, BEA, China CITIC Bank, CITIC Trust, China Railway Trust Co., Ltd., Shanghai Trust, China Credit Trust, CR Trust, Xiamen Bank Co., Ltd., China Guangfa Bank, Bank of Guangzhou, Ping An Bank, Ping An Trust Co., Ltd, Western Trust Co., Ltd. and Shanghai Zhihua Investment Center (Limited Partnership), some of our PRC subsidiaries have agreed not to distribute any dividends (or agreed to obtain consent from or give notice to the relevant banks before any distribution of dividends):

- if the borrowers' after-tax net profit is nil or negative or insufficient to cover losses from the previous accounting periods; or
- if the borrower's profit before tax in the relevant accounting period has not been used to pay off the principal, interest or other related expenses due in that accounting period or is insufficient to cover the principal, interest or other related expenses due in next period; or
- before the principal amount of and accrued interest on the relevant loans have been fully paid.

We do not believe that the dividend restrictions in such loans will materially and adversely affect our ability to service the repayment obligations under our debt instruments, as most of these loans are required to be repaid when the underlying property projects are completed, and as such, by the time units in the projects are ready for sale, the dividend restrictions should no longer exist.

Covenants

Under these project loans, some of our subsidiary borrowers have agreed, among other things, not to take the following actions without first obtaining the lenders' prior consent:

- enter into liquidation or bankruptcy;
- conduct any form of reorganization or restructuring or otherwise engage in any material change in corporate structure or formality that could adversely affect their ability to repay the project loans, such as mergers, acquisitions, change in major shareholders, divestiture, disposal of key assets, reduction in registered capital or entering into material joint ventures;
- grant any security interest to any third party over assets acquired or financed through or otherwise owned as a result of the project loans or grant guarantees to any third parties that may adversely affect their ability to repay the loans; or
- declaring and making payment of dividends or other distributions before the debt service schedule is met.

In addition, many of our subsidiary borrowers have agreed, among other things, to:

- provide necessary financial or operations information with respect to the subsidiary borrowers and/or their respective key projects;

- inform the lenders of any key filings made with SAIC and its local branches, such as change in business scope, corporate address and location and legal representative; and
- provide relevant information to the lenders with respect to material related party transactions we enter into from time to time during the term of the loan agreement, including the relationship with the related party, transaction nature, volume and pricing policy and, in certain occasions, information with respect to our related parties that could have a material adversely effect upon us.

Events of Default

The project loans contain certain customary events of default, including insolvency and breaches of key terms of the loan agreements, such as covenants, representations, warranties, and use of loan proceeds. The banks are entitled to terminate their respective agreements and/or demand immediate repayment of the loan principal, any accrued interest, and any default damages as provided in the loan agreement upon the occurrence of an event of default.

Guarantee and Security

Certain of our PRC subsidiaries have entered into guarantee agreements with the PRC banks in connection with some of the project loans pursuant to which these subsidiaries have guaranteed liabilities of the subsidiary borrowers under the relevant project loans. In addition, as of December 31, 2019, RMB11,033.2 million of the project loans were secured by land use rights, properties and certain equity interest of our other PRC subsidiaries generally.

Offshore Bank Facilities

On January 25, 2016, we entered into a term loan facility of up to HK\$400.0 million or its equivalent amount in USD with Nanyang Commercial Bank, Limited. This facility has a tenor of 3 years. As of December 31, 2019, we have repaid this facility in full.

China Citic Bank International Revolving Loan Facility

On June 28, 2016, we entered into a revolving loan facility with China Citic Bank International of up to HKD690,000,000. The proceeds of the revolving facility are to be used for dividend payment and refinancing the borrower's existing loan granted by other banks in Hong Kong. The borrower shall maintain the ratio of its liabilities under term loan facility to the amount of the RMB standby letter(s) of credit at or below 97%. Interest on the loan is levied at HIBOR plus 1.2% per annum. As of December 31, 2019, we have repaid this facility in full.

Bank of China Mortgage Loan Facility

On April 18, 2017, we entered into a mortgage loan facility with Bank of China of up to HKD28,680,000. The proceeds of the mortgage loan are to be used for financing the borrower's purchase of the property in Hong Kong. Interest on the loan is levied at HIBOR plus 1.1% per annum. As of December 31, 2019, we have repaid this facility in full.

Corporate Bonds

On October 15, 2015, Xiamen Yuzhou Grand Future completed the issue of three-year unsecured corporate bonds in China with an aggregate principal amount of RMB2.0 billion and a coupon rate of 6.7% per annum at 100% of the face value. The corporate bonds are listed on the Shanghai Stock Exchange. The bonds were fully redeemed by investors upon maturity.

On December 10, 2015, Xiamen Yuzhou Grand Future completed the issue of its first tranche five-year unsecured corporate bonds in China with an aggregate principal amount of RMB3.0 billion and a coupon rate of 5.1% per annum at 100% of the face value. The first tranche corporate bonds are listed on the Shanghai Stock Exchange. In December 2018, the coupon rate is adjusted to 7.5% per annum.

On June 8, 2016, Xiamen Yuzhou Grand Future completed the issue of three-year unsecured corporate bonds in China with an aggregate principal amount of RMB2.0 billion and a coupon rate of 6.28% per annum at 100% of the face value. The corporate bonds are listed on the Shenzhen Stock Exchange. In June 2018, the coupon rate is adjusted to 6.99% per annum. As of the date of this offering memorandum, we have repaid the corporate bonds in full.

On September 22, 2016, we completed the issue of three-year unsecured corporate bonds in China with an aggregate principal amount of RMB3.0 billion and a coupon rate of 5.3% per annum at 100% of the face value. The corporate bonds are listed on the Shenzhen Stock Exchange. In September 2018, the coupon rate is adjusted to 7.7% per annum. As of the date of this offering memorandum, we have repaid the corporate bonds in full.

In August 2018, Xiamen Yuzhou Grand Future completed the issuance of three-year unsecured corporate bonds in China with an aggregate principal amount of RMB1.0 billion and a coupon rate of 7.85% per annum at 100% of the face value. At the end of the first year, Xiamen Yuzhou Grand Future has a right to adjust the coupon rate, and the investors can exercise a repurchase option. The corporate bonds are listed on the Shanghai Stock Exchange.

In September 2018, Xiamen Yuzhou Grand Future completed the issuance of three-year unsecured corporate bonds in China with an aggregate principal amount of RMB1.2 billion and a coupon rate of 7.8% per annum at 100% of the face value. At the end of the first year, Xiamen Yuzhou Grand Future has a right to adjust the coupon rate, and the investors can exercise a repurchase option. The corporate bonds are listed on the Shanghai Stock Exchange.

In September 2018, Xiamen Yuzhou Grand Future completed the issuance of three-year unsecured corporate bonds in China with an aggregate principal amount of RMB0.8 billion and a coupon rate of 7.85% per annum at 100% of the face value. At the end of the second year, Xiamen Yuzhou Grand Future has a right to adjust the coupon rate, and the investors can exercise a repurchase option. The corporate bonds are listed on the Shanghai Stock Exchange.

In April 2019, Xiamen Yuzhou Grand Future completed the issuance of its first tranche five-year unsecured corporate bonds in China with an aggregate principal amount of RMB3.5 billion, of which type I was issued with an aggregate principal amount of RMB2.0 billion at a coupon rate of 6.5% and Type II was issued with an aggregate principal amount of RMB1.5 billion at a coupon rate of 7.5%. At the end of the second year and the fourth year of Type I, Xiamen Yuzhou Grand Future has a right to adjust the coupon rate, and the investors can exercise a repurchase option. At the end of the third year of Type II, Xiamen Yuzhou Grand Future has a right to adjust the coupon rate, and the investors can exercise a repurchase option. The corporate bonds are listed on the Shanghai Stock Exchange.

On July 24, 2020, Xiamen Yuzhou Grand Future completed the issuance of its first tranche five-year unsecured corporate bonds in China with an aggregate principal amount of RMB5.2 billion, of which Type I was issued with an aggregate principal amount of RMB1.5 billion at a coupon rate of 6.5% per annum at 100% of the face value. At the end of the second year and the fourth year of Type I, Xiamen Yuzhou Grand Future has a right to adjust the coupon rate, and the investors can exercise a repurchase option. The corporate bonds are listed on the Shanghai Stock Exchange.

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 on the underlying property to the bank. As of December 31, 2019, the aggregate outstanding amount of such mortgage guarantees was RMB16,967.4 million. In addition, as of December 31, 2019, we provided guarantees of RMB12,418.6 million to banks and other lenders in connection with facilities granted to joint ventures and associates.

TAXATION

The following summary of certain Cayman Islands, British Virgin Islands, Hong Kong and United States tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this offering memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Notes.

Cayman Islands Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty.

Pursuant to the Tax Concession Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet; (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Company or its operations; and (b) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on the shares, debentures or other obligations of the Company.

The undertaking is for a period of twenty years from 9 September 2008.

The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not a party to any double taxation treaties.

British Virgin Islands Taxation

There is no income or other tax of the British Virgin Islands imposed by withholding or otherwise on any payment to be made to or by the BVI Subsidiary Guarantors pursuant to the Subsidiary Guarantees.

Hong Kong Taxation

Withholding Tax

No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the Notes) or interest in respect of the Notes.

Profits Tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “Inland Revenue Ordinance”) as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal or redemption of the Notes where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on the Notes will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- a corporation carrying on a trade, profession or business in Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business.
- Although no tax is imposed in Hong Kong in respect of capital gains, Hong Kong profits tax may be chargeable on trading gains arising on the sale 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 (for so long as the register of holders of the Notes is maintained outside Hong Kong) of a Note.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a purchase agreement dated August 5, 2020 (the “Purchase Agreement”) between Goldman Sachs (Asia) L.L.C., BOCI Asia Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities plc, UBS AG Hong Kong Branch, incorporated in Switzerland with limited liability, Deutsche Bank AG, Hong Kong Branch, Haitong International Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, Morgan Stanley & Co. International plc, The Hongkong and Shanghai Banking Corporation Limited and China Industrial Securities International Brokerage Limited as the Initial Purchasers and Joint Lead Managers, and Yuzhou Financial Holdings Limited as Joint Lead Manager on the one hand, and us and the Subsidiary Guarantors, on the other hand, the Initial Purchasers have agreed to severally purchase from us, and we have agreed to sell to the Initial Purchasers, the following aggregate principal amounts of the Notes:

Name	Principal Amount
Goldman Sachs (Asia) L.L.C.	US\$115,000,000
BOCI Asia Limited	US\$20,000,000
Credit Suisse (Hong Kong) Limited	US\$20,000,000
J.P. Morgan Securities plc	US\$20,000,000
UBS AG Hong Kong Branch*.	US\$20,000,000
Deutsche Bank AG, Hong Kong Branch	US\$18,000,000
Haitong International Securities Company Limited	US\$18,000,000
Guotai Junan Securities (Hong Kong) Limited	US\$18,000,000
Morgan Stanley & Co. International plc	US\$18,000,000
The Hongkong and Shanghai Banking Corporation Limited	US\$18,000,000
China Industrial Securities International Brokerage Limited	US\$15,000,000
Total	US\$300,000,000

* UBS AG is incorporated in Switzerland with limited liability

The Purchase Agreement provides that the obligation of the Initial Purchasers to pay for and accept delivery of the Notes is several and not joint and is subject to certain other conditions. The Initial Purchasers are committed to take and pay for all of the Notes if any are taken. After the initial offering, the offering price and other selling terms may be varied from time to time by the Initial Purchasers without notice. The Initial Purchasers may offer and sell the Notes through certain of their affiliates and may provide such affiliates an opportunity to purchase some of the Notes in the initial offering. We have agreed to pay to each of the Initial Purchasers a combined underwriting and management commission in consideration of their respective obligation to take and pay for the Notes and their provision of services under the Purchase Agreement. In addition, we have agreed with the Initial Purchasers that we will pay a commission to certain private banks in connection with the distribution of the Notes to their clients. This commission will be based on the principal amount of the Notes so distributed, and may be deducted from the purchase price for the Notes payable by such private banks upon settlement.

We and the Subsidiary Guarantors have agreed to, jointly and severally, indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments which the Initial Purchasers may be required to make in respect thereof. In addition, we and the Subsidiary Guarantors have agreed to, jointly and severally, reimburse the Initial Purchasers for certain expenses incurred in connection with the offering of the Notes.

The Notes are a new issue of securities with no established trading market. The Issuer will seek a listing of the Notes by way of debt issue to Professional Investors only on the SEHK. We have been advised by the Initial Purchasers that, in connection with the offering of the Notes, Goldman Sachs (Asia) L.L.C., BOCI Asia Limited, Credit Suisse (Hong Kong) Limited, J.P. Morgan Securities plc, UBS AG Hong Kong Branch, incorporated in Switzerland with limited liability, Deutsche Bank AG, Hong Kong Branch, Haitong International Securities Company Limited, Guotai Junan Securities (Hong Kong) Limited, Morgan Stanley & Co. International plc, The Hongkong and Shanghai Banking Corporation Limited, China Industrial Securities International Brokerage Limited and Yuzhou Financial Holdings Limited as stabilization manager may, to the extent permitted by applicable laws and regulations, engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Initial Purchasers may over-allot the offering, creating a syndicate short position. In addition, the Initial Purchasers may bid for, and purchase, the Notes in the open market to cover syndicate shorts or to stabilize the price of the Notes. Any of these activities, which may be effected in the over-the-counter market or otherwise, may stabilize or maintain the market price of the Notes above independent market levels. However, the Initial Purchasers are not obligated or required to engage in these activities, and may end any of these activities at any time at their sole discretion without prior notice. No assurance can be given as to the liquidity of, or the trading market for, the Notes.

The Notes and the Subsidiary Guarantees have not been and will not be registered under the Securities Act and may only be offered, sold or delivered outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and in accordance with applicable law.

We expect that delivery of the Notes will be made against payment therefor on or about August 12, 2020, which we expect will be the fifth business day following the pricing date of the Notes (this settlement cycle being referred to as “T+5”). Purchasers of the Notes who wish to trade the Notes on the date of pricing or succeeding business days should consult their own legal advisor.

Investors who purchase Notes from the Initial Purchasers may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price set forth on the cover page of this offering memorandum.

We have been advised that the Initial Purchasers presently intend to make a market in the Notes, as permitted by applicable laws and regulations. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any such market making may be discontinued at any time without prior notice at the sole discretion of the Initial Purchasers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes.

The Initial Purchasers and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and its affiliates have in the past engaged, and may in the future engage, in transactions with and perform services, including financial advisory, brokerage, wealth management, private equity and investment banking services, for us and our affiliates in the ordinary course of business, for which they received or will receive customary fees and expenses. The Initial Purchasers and its affiliates may, in the ordinary course of business, make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve the securities and instruments of us and/or our subsidiaries. The Initial Purchasers or certain of its affiliates may also purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribute. Furthermore, we may enter into hedging or other

derivative transactions as part of our risk management strategy with the Initial Purchasers, which may include transactions relating to our obligations under the Notes. Our obligations under these transactions may be secured by cash or other collateral.

The Initial Purchasers or its affiliates may purchase the Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of us or our subsidiaries or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of Notes to which this offering memorandum relates (notwithstanding that such selected counterparties may also be purchasers of Notes).

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. The Notes are being offered and sold outside of the United States in reliance on Regulation S.

United Kingdom

The Initial Purchasers (a) have complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the “FSMA”) with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and (b) have only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to it.

Singapore

The Initial Purchasers have acknowledged that this offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Initial Purchasers have 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 in accordance with the conditions specified in Section 275 of the SFA, or
- (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each 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 Securities pursuant to an offer made under Section 275 of the SFA except:
 - (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
 - (2) where no consideration is or will be given for the transfer;
 - (3) where the transfer is by operation of law; or
 - (4) as specified in Section 276(7) of the SFA.

Hong Kong

The Initial Purchasers (a) have not offered or sold or will not offer or sell in Hong Kong, by means of any document, any Notes other than (1) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (2) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provision) Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; or (b) have not issued or had in its possession for the purposes of issue or will not issue or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Notes, 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 securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made thereunder.

European Economic Area

Prohibition of Sales to EEA Retail Investors

The Notes may not be offered, sold or otherwise made available to any retail investor in the European Economic Area.

For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or

- (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the “Insurance Mediation Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the “Financial Instruments and Exchange Act”) and, accordingly, the Initial Purchasers have not, directly or indirectly, offered or sold or will, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws and regulations of Japan.

Cayman Islands

No offer or invitation may be made to the public in the Cayman Islands to subscribe for the Notes and the Initial Purchasers have not offered or sold, and will not offer or sell, any Notes in the Cayman Islands.

British Virgin Islands

No offer or invitation may be made to the public in the British Virgin Islands to subscribe for the Notes and the Initial Purchasers have not offered or sold, and will not offer or sell, any Notes in the British Virgin Islands.

Italy

The Initial Purchasers will not make any solicitation in connection with any offering of Notes in Italy. No copies of this offering memorandum or any other documents relating to the Notes will be distributed in Italy, and no Notes may be offered, sold or delivered in Italy.

General

No action is being taken or is contemplated by us that would, or is intended to, permit a public offering of the Notes or possession or distribution of any preliminary offering memorandum or offering memorandum or any amendment thereof, any supplement thereto or any other offering material relating to the Notes in any jurisdiction where, or in any other circumstance in which, action for those purposes is required.

RATINGS

The Notes have been provisionally rated “BB-” by Fitch and “B1” by Moody’s. The ratings reflect the rating agencies’ assessment of the likelihood of timely payment of the principal of and interest on the Notes. The ratings do not address the payment of any Additional Amounts and 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. 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. Each such rating should be evaluated independently of any other rating on the Notes, on other of our securities, or on us.

LEGAL MATTERS

Certain legal matters in connection with the offering will be passed upon for us by Paul Hastings as to matters of Hong Kong law, Paul Hastings LLP as to matters of United States federal and New York law, Commerce & Finance Law Offices as to matters of PRC law, Harney Westwood & Riegels as to matters of Cayman Islands law, Harney Westwood & Riegels as to matters of British Virgin Islands law and Stevensons Lawyers as to matters of Samoa Law. Certain legal matters will be passed upon for the Joint Lead Managers by Skadden, Arps, Slate, Meagher & Flom LLP as to matters of United States federal and New York law and Haiwen & Partners as to matters of PRC law.

CERTIFIED PUBLIC ACCOUNTANTS

The consolidated financial statements as of and for the three years ended December 31, 2017, 2018 and 2019 included in this offering memorandum, have been audited by Ernst & Young, independent auditors, as stated in their reports appearing herein.

GENERAL INFORMATION

Documents Available

For so long as any of the Notes are outstanding, copies of the Indenture governing the Notes and the Intercreditor Agreement may be inspected free of charge during normal business hours on any weekday (except public holidays) at the specified offices of the paying agents.

For so long as any of the Notes are outstanding, copies of our audited financial statements for the last three financial years, if any, may be obtained during normal business hours on any weekday (except public holidays) at the specified offices of the paying agents.

Clearing System and Settlement

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream with an International Securities Identification Number of XS2215399317 and a Common Code of 221539931.

Authorizations and Consents

The Issuer and the Subsidiary Guarantors have obtained all necessary consents, approvals and authorizations in the Cayman Islands, the British Virgin Islands, Samoa, Singapore and Hong Kong in connection with the issue and performance of the Notes and the Subsidiary Guarantees. The entering into of the Indenture governing the Notes and the issue of the Notes have been authorized by a meeting of the board of directors of the Company held on August 4, 2020.

No Material Adverse Change

There has been no material adverse change, or any development reasonably likely to involve an adverse change, in the financial or trading position, prospects or results of operations of the Company or the Group since December 31, 2019.

Litigation

None of the Company and the Subsidiary Guarantors is involved in any litigation or arbitration proceedings which are material in the context of the Notes nor is the Company or any Subsidiary Guarantor aware that any such proceedings are pending or threatened.

Listing of Notes

The Issuer will seek a listing of the Notes by way of debt issue to Professional Investors only on the SEHK. Notes to be listed on the SEHK are required to be traded with a board lot size of at least HK\$500,000 (or equivalent in other currencies).

Auditors

The audited consolidated financial statements of the Group as at and for the years ended December 31, 2017, 2018 and 2019, which are included elsewhere in this offering memorandum, have been audited by Ernst & Young, Certified Public Accountants, as stated in the reports appearing herein.

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INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



To the shareholders of Yuzhou Properties Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Yuzhou Properties Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 163 to 330, 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

致禹洲地產股份有限公司股東
(於開曼群島註冊成立的有限公司)

意見

本核數師已審核列載於第163至330頁禹洲地產股份有限公司(「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、綜合全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

本核數師認為，該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)所頒佈的香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於2019年12月31日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥為編製。

意見基準

本核數師已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審核工作。本核數師就該等準則承擔的責任在本報告「核數師就審計綜合財務報表承擔的責任」一節中作進一步闡述。根據香港會計師公會的專業會計師道德守則(「守則」)，本核數師獨立於 貴集團，並已履行守則中的其他道德責任。本核數師相信，本核數師所獲得的審計憑證能充足及適當地為本核數師的意見提供基礎。

關鍵審計事項

關鍵審計事項是根據本核數師的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在本核數師審計整體綜合財務報表及出具意見時進行處理的，本核數師不會對這些事項提供單獨的意見。就以下每一事項而言，下文描述了應對該事項的審計方法。

KEY AUDIT MATTERS (Continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

關鍵審計事項 (續)

本核數師已履行本報告「核數師就審計綜合財務報表承擔的責任」一節所述之責任，包括有關該等事項的責任。相應地，本核數師的審計工作包括執行為應對評估綜合財務報表重大失實陳述風險而設計的審計程序。本核數師審計程序的結果，包括解決以下事項所執行的程序，為本核數師於相關綜合財務報表的審計意見提供基礎。

Key audit matter 關鍵審計事項

How our audit addressed the key audit matter 本核數師審計應對關鍵審計事項的方式

Adequacy of income tax and other taxes provision 所得稅及其他稅項撥備充足性

For the year ended 31 December 2019, the Group's income tax expense of RMB2,638 million comprised the corporate income tax at a statutory tax rate at 25% and the land appreciation tax at tax rates ranged from 30% to 60% incurred by the Group's subsidiaries in the People's Republic of China. The determination of the tax provision involves significant management estimates about the group companies' taxable income and the appropriate application of the tax rate, in particular when estimating the land appreciation tax. We identified this as a key audit matter because the income tax expense is significant to the Group and the income tax provision assessment process is complex and involves estimates.

Related disclosures of accounting judgements and estimates and tax provisions are included in notes 3, 10, 31 and 32 to the consolidated financial statements.

截至2019年12月31日止年度，貴集團的所得稅開支為人民幣26.38億元，包括貴集團於中華人民共和國附屬公司產生的按25%法定稅率繳付的企業所得稅及按介乎30%至60%稅率繳付的土地增值稅。釐定稅項撥備，特別是估計土地增值稅時，需要管理層對集團公司應課稅收入及適用稅率作出重大估計。本核數師認為此乃關鍵審計事項，是因為所得稅開支對貴集團而言屬重大且所得稅撥備評估程序複雜並涉及估計。

有關會計判斷及估計和稅項撥備的披露載於綜合財務報表附註3、10、31及32。

- We obtained management's schedules to assess their tax computation and recalculated the income tax expenses.
- We checked the financial information used in these management schedules to the corresponding accounting records or other underlying documentation.
- We involved our internal tax specialists to evaluate management's application of the relevant tax regulations when performing the tax computation, on a sample basis.
- We also examined the correspondences with tax authorities and identified if there were any uncertain tax positions or tax disputes.
- We also assessed the adequacy of the disclosures of income tax in the consolidated financial statements.

- 本核數師已取得管理層提供的有關明細表來評估其稅項計算並重新計算所得稅開支。
- 本核數師已按相應會計紀錄或其他相關文件核查該等管理層明細表中所用財務資料。
- 本核數師已請內部稅務專家參與抽樣評估管理層在計算稅務時是否依循相關稅務法規。
- 本核數師亦已核查與稅務機關的通信並確定是否存在任何不明稅務狀態或稅務糾紛。
- 本核數師亦評估綜合財務報表有關所得稅的披露是否充足。

Independent Auditor's Report (Continued)
獨立核數師報告(續)

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Key audit matter
關鍵審計事項

How our audit addressed the key audit matter
本核數師審計應對關鍵審計事項的方式

Valuation of investment properties
投資物業估值

As at 31 December 2019, the Group had investment properties amounting to RMB12,864 million which were measured at fair value. Management engaged an external valuer to determine the fair values of the investment properties. Different valuation models were applied by the external valuer on different types of investment properties held by the Group. We identified this as a key audit matter because the carrying amount of the investment properties is significant to the Group and significant estimation is required to determine the fair values of the investment properties.

Related disclosures of accounting judgements and estimates and fair values of investment properties are included in notes 3 and 14 to the consolidated financial statements.

於2019年12月31日，貴集團按公允值計量的投資物業為人民幣128.64億元。管理層委聘外部估值師來釐定投資物業的公允值。外部估值師對貴集團所持不同類型的投資物業採用不同的估值方法。本核數師認為此乃關鍵審計事項，是因為投資物業賬面值對貴集團而言屬重大且釐定投資物業公允值需要作出重大估計。

有關會計判斷及估計和投資物業公允值的披露載於綜合財務報表附註3及14。

- We evaluated the objectivity, independence and competency of the external valuer engaged by management.
- We also involved our internal valuation specialists to assist us in evaluating the assumptions, methodologies and parameters adopted in the valuation, on a sample basis. Our internal valuation specialists independently re-performed the valuation based on the market values, rental values, capitalisation rates and development profits of the properties located in the adjacent location.
- We reviewed management's development plans and budgets with reference to statistics for estimated construction costs and signed construction contracts or quotations from suppliers.
- We compared the valuation performed by the external valuer to the range provided by our internal valuation specialists. We further assessed the correctness of the property related data used as inputs for the valuation.
- We conducted site visits to investment properties under construction to observe the progress of the development on a sample basis.
- We also assessed the adequacy of the disclosures of the valuation of the investment properties in the consolidated financial statements.
- 本核數師已對管理層委聘的外部估值師的客觀性、獨立性及能力進行評估。
- 本核數師亦已請內部估值專家以協助抽樣評估估值所用假設、方法及參數。本核數師的內部估值專家根據附近地區物業的市場價值、租金價值、資本化率及開發利潤進行獨立重估。
- 本核數師已審閱管理層的發展計劃及預算，參考數據包括預計建築成本及已簽訂建築合約或供應商報價。
- 本核數師將外部估值師所進行評估與本核數師的內部估值專家所提供的參數範圍進行比較。本核數師進一步評估用作估值輸入數據的物業相關數據之正確性。
- 本核數師抽樣實地視察在建投資物業，以觀察開發進度。
- 本核數師亦評估綜合財務報表有關投資物業估值的披露是否充足。

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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.

年報內的其他資料

貴公司董事需對其他資料負責。其他資料包括年報內的信息，不包括綜合財務報表及本核數師就此發出的核數師報告。

本核數師對綜合財務報表的意見並不涵蓋其他資料，本核數師亦不對其他資料發表任何形式的鑒證結論。

就本核數師審計綜合財務報表而言，本核數師的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或本核數師在審計過程中所了解的情況有重大抵觸，或者存在有重大錯誤陳述的情況。基於本核數師已執行的工作，如果本核數師認為其他資料有重大錯誤陳述，本核數師需要報告該事實。在這方面，本核數師沒有任何報告。

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香港會計師公會頒佈的香港財務報告準則及香港公司條例之披露規定編製真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所必需的內部控制負責。

在編製綜合財務報表時，貴公司董事負責評估貴集團持續經營的能力，並在適當情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非貴公司董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助貴公司董事履行監督貴集團財務報告過程的責任。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

核數師就審計綜合財務報表承擔的 責任

本核數師的目標，是對綜合財務報表是否不存在由於欺詐或錯誤而導致的任何重大錯誤陳述取得合理保證，並出具包括本核數師意見的核數師報告。本核數師僅向全體成員報告，除此之外本報告別無其他目的。本核數師不會就本報告的內容向任何其他人士負上或承擔任何責任。

合理保證是高水平的保證，但不能保證按香港審計準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們個別或滙總起來可能影響綜合財務報表使用者所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據香港審計準則進行審計的過程中，本核數師運用了專業判斷，保持了專業懷疑態度。本核數師亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及取得充足和適當的審計憑證，作為本核數師意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險較因錯誤而導致的重大錯誤陳述的風險為高。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。

**AUDITOR'S RESPONSIBILITIES FOR
THE AUDIT OF THE CONSOLIDATED
FINANCIAL STATEMENTS (Continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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.

**核數師就審計綜合財務報表承擔的
責任 (續)**

- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露資料的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所得的審計憑證，決定是否存在與事件或情況有關的重大不確定性，而可能對貴集團持續經營的能力構成重大疑慮。如果本核數師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對綜合財務報表中的相關披露資料的關注。假若有關的披露不足，則本核數師應當發表非無保留意見。本核數師的結論是基於截至核數師報告日止所取得的審計憑證。然而，未來事件或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否公允反映相關交易和事項。
- 就貴集團中實體或業務活動的財務資料獲取充分、適當的審計證據，以對綜合財務報表發表意見。本核數師負責貴集團審計的指導、監督和執行。本核數師對審計意見承擔全部責任。

Independent Auditor's Report (Continued)
獨立核數師報告(續)

**AUDITOR'S RESPONSIBILITIES FOR
THE AUDIT OF THE CONSOLIDATED
FINANCIAL STATEMENTS (Continued)**

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chow Chi Chung.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
24 April 2020

**核數師就審計綜合財務報表承擔的
責任(續)**

除其他事項外，本核數師與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等事項，包括本核數師在審計期間識別出內部控制的任何重大缺陷。

本核數師還向審核委員會提交聲明，說明本核數師已符合有關獨立性的相關專業道德要求，並與他們溝通所有合理地被認為會影響本核數師獨立性的關係和其他事項，以及在適用的情況下，相關的防範措施。

從與審核委員會溝通的事項中，本核數師決定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。本核數師會在核數師報告中描述這些事項，除非法律法規不允許對某件事項作出公開披露，或在極端罕見的情況下，若有合理預期在本核數師報告中溝通某事項而造成的負面後果超過其產生的公眾利益，本核數師將不會在此等情況下在報告中溝通該事項。

本獨立核數師報告的審計項目合夥人是鄧志聰。

安永會計師事務所
執業會計師
香港中環
添美道1號
中信大廈22樓
2020年4月24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	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
REVENUE	收入	5	23,240,705	24,305,871
Cost of sales	銷售成本		(17,148,995)	(16,838,626)
Gross profit	毛利		6,091,710	7,467,245
Fair value gain on investment properties, net	投資物業公允值收益淨額	14	600,546	165,831
Other income and gains	其他收入及收益	5	2,167,688	497,215
Selling and distribution expenses	銷售及營銷成本		(659,594)	(459,152)
Administrative expenses	行政開支		(1,090,645)	(606,179)
Other expenses	其他開支		(310,739)	(54,484)
Finance costs – interest expenses	融資成本－利息支出	6	(181,601)	(223,352)
Finance costs – loss on early redemption of senior notes	融資成本－提前贖回優先票據之虧損		(178,744)	–
Share of profits and losses of joint ventures	應佔合營公司損益		(63,489)	(74,265)
Share of profits and losses of associates	應佔聯營公司損益		229,369	21,849
PROFIT BEFORE TAX	除稅前利潤	7	6,604,501	6,734,708
Income tax expense	所得稅開支	10	(2,637,705)	(3,008,605)
PROFIT FOR THE YEAR	年度利潤		3,966,796	3,726,103
Attributable to:	以下各方應佔：			
Owners of the parent	母公司擁有人		3,605,776	3,504,940
Non-controlling interests	非控股權益		361,020	221,163
			3,966,796	3,726,103
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	母公司普通股權益持有人應佔每股盈利			
Basic (RMB per share)	基本（每股人民幣）	12	0.71	0.78
Diluted (RMB per share)	攤薄（每股人民幣）	12	0.71	0.78

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

Year ended 31 December 2019 截至2019年12月31日止年度

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
PROFIT FOR THE YEAR	年度利潤	3,966,796	3,726,103
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods – Exchange differences on translation of foreign operations	於其後期間可能將重新分類至損益之其他全面損益－ 海外業務換算之匯兌差額	289,672	(972,612)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年度全面收益總額	4,256,468	2,753,491
Attributable to:	以下各方應佔：		
Owners of the parent	母公司擁有人	3,895,448	2,532,328
Non-controlling interests	非控股權益	361,020	221,163
		4,256,468	2,753,491

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 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	2,802,912	934,017
Investment properties	投資物業	14	12,864,131	10,525,825
Land held for property development for sale	持作物業開發銷售用途的土地	19	–	215,224
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	22	–	1,029,512
Goodwill	商譽	16	724,147	1,133,070
Investments in joint ventures	於合營公司投資	17	4,471,802	6,204,784
Investments in associates	於聯營公司投資	18	4,867,561	3,807,748
Deferred tax assets	遞延稅項資產	32	907,607	742,157
Total non-current assets	非流動資產總額		26,638,160	24,592,337
CURRENT ASSETS	流動資產			
Land held for property development for sale	持作物業開發銷售用途的土地	19	2,813,172	5,680,204
Properties under development	在建物業	20	25,054,430	26,614,206
Properties held for sale	持作銷售用途的物業	21	21,220,032	13,051,659
Prepayments for acquisition of land	收購土地預付款項		124,008	–
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	22	33,744,638	14,683,118
Prepaid corporate income tax	預付企業所得稅		388,019	505,730
Prepaid land appreciation tax	預付土地增值稅		885,775	656,400
Derivative financial instruments	衍生金融工具	27	55,627	–
Restricted cash	受限制現金	23	1,866,122	2,117,120
Non-pledged time deposits with original maturity of over three months	始初期限超過三個月之無抵押定期存款	23	5,189,418	–
Cash and cash equivalents	現金及現金等價物	23	28,455,729	27,162,230
Total current assets	流動資產總額		119,796,970	90,470,667
CURRENT LIABILITIES	流動負債			
Contract liabilities	合約負債	24	8,658,302	13,752,438
Trade payables	貿易應付款項	25	9,783,041	6,857,073
Other payables and accruals	其他應付款項及應計費用	26	36,090,052	22,960,107
Derivative financial instruments	衍生金融工具	27	–	5,884
Interest-bearing bank and other borrowings	計息銀行及其他借貸	28	7,612,774	8,679,618
Corporate bonds	公司債券	29	6,000,000	7,200,000
Senior notes	優先票據	30	1,658,842	550,074
Corporate income tax payables	應付企業所得稅		2,819,745	2,552,345
Provision for land appreciation tax	土地增值稅撥備	31	2,228,566	1,962,590
Total current liabilities	流動負債總額		74,851,322	64,520,129
NET CURRENT ASSETS	流動資產淨額		44,945,648	25,950,538
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		71,583,808	50,542,875

Consolidated Statement of Financial Position (Continued)

綜合財務狀況表(續)

31 December 2019 2019年12月31日

		Notes 附註	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
NON-CURRENT LIABILITIES	非流動負債			
Interest-bearing bank and other borrowings	計息銀行及其他借貸	28	9,598,056	12,468,045
Corporate bonds	公司債券	29	3,500,000	3,800,000
Senior notes	優先票據	30	27,298,834	10,934,118
Deferred tax liabilities	遞延稅項負債	32	2,459,289	1,910,360
Total non-current liabilities	非流動負債總額		42,856,179	29,112,523
Net assets	資產淨額		28,727,629	21,430,352
EQUITY	權益			
Equity attributable to owners of the parent	母公司擁有人應佔權益			
Issued capital	已發行股本	33	447,146	410,035
Senior perpetual securities	高級永續證券	36	1,911,986	1,911,986
Reserves	儲備	35	20,544,015	17,164,569
			22,903,147	19,486,590
Non-controlling interests	非控股權益		5,824,482	1,943,762
Total equity	權益總額		28,727,629	21,430,352

Lam Lung On

林龍安

Director

董事

Kwok Ying Lan

郭英蘭

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										
Notes 附註		Issued capital 已發行股本 RMB'000 人民幣千元 (note 33) (附註33)	Share premium account 股份溢價賬 RMB'000 人民幣千元	Statutory surplus reserve 法定盈餘儲備 RMB'000 人民幣千元 (note 35(ii)) (附註35(ii))	Exchange fluctuation reserve 匯兌波動儲備 RMB'000 人民幣千元	Share option reserve 購股權儲備 RMB'000 人民幣千元	Capital reserve 資本儲備 RMB'000 人民幣千元 (note 35(iii)) (附註35(iii))	Retained profits 保留利潤 RMB'000 人民幣千元	Senior perpetual securities 高級永續證券 RMB'000 人民幣千元 (note 36) (附註36)	Total 總計 RMB'000 人民幣千元	Non- controlling interests 非控股權益 RMB'000 人民幣千元	Total equity 權益總額 RMB'000 人民幣千元
At 1 January 2019	於2019年1月1日	410,035	1,771,231	62,642	(579,519)	17,945	(444,218)	16,336,488	1,911,986	19,486,590	1,943,762	21,430,352
Profit for the year	年度利潤	-	-	-	-	-	-	3,605,776	-	3,605,776	361,020	3,966,796
Other comprehensive income for the year:	年度其他全面收益：											
Exchange differences related to foreign operations	海外業務相關之 匯兌差額	-	-	-	289,672	-	-	-	-	289,672	-	289,672
Total comprehensive income for the year	年度全面收益 總額	-	-	-	289,672	-	-	3,605,776	-	3,895,448	361,020	4,256,468
Final 2018 dividend	2018年年終股息	-	(842,506)	-	-	-	-	-	-	(842,506)	-	(842,506)
Interim 2019 dividend and special dividend	2019年中期股息及 特別中期股息	-	(636,666)	-	-	-	-	-	-	(636,666)	-	(636,666)
Issue of shares for scrip dividend	發行以股代息股份	35,897	1,146,864	-	-	-	-	-	-	1,182,761	-	1,182,761
Dividend to non-controlling shareholders	派付予非控股股東股息	-	-	-	-	-	-	-	-	-	(294,000)	(294,000)
Issue of shares in connection with the exercise of share options	就行使購股權發行股份	1,214	25,154	-	-	(3,490)	-	-	-	22,878	-	22,878
Acquisition of subsidiaries	收購附屬公司	-	-	-	-	-	-	-	-	-	585,666	585,666
Acquisition of non-controlling interests	收購非控股權益	-	-	-	-	-	(106,775)	-	-	(106,775)	(36,225)	(143,000)
Capital contribution from non-controlling shareholders	非控股股東出資	-	-	-	-	-	-	-	-	-	3,348,755	3,348,755
Disposal of a subsidiary	出售一間附屬公司	-	-	-	-	-	-	-	-	-	(84,496)	(84,496)
Distribution to holders of senior perpetual securities	向高級永續證券持有人 分派	-	-	-	-	-	-	(110,743)	-	(110,743)	-	(110,743)
Equity-settled share option arrangements	以權益支付購股權之安排	-	-	-	-	12,160	-	-	-	12,160	-	12,160
At 31 December 2019	於2019年12月31日	447,146	1,464,077*	62,642*	(289,847)*	26,615*	(550,993)*	19,831,521*	1,911,986	22,903,147	5,824,482	28,727,629

Consolidated Statement of Changes in Equity (Continued)

綜合權益變動表(續)

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											
	Notes 附註	Issued capital 已發行股本 RMB'000 人民幣千元 (note 32) (附註32)	Share premium account 股份溢價賬 RMB'000 人民幣千元	Statutory surplus reserve 法定盈餘儲備 RMB'000 人民幣千元 (note 35(i)) (附註35(i))	Exchange fluctuation reserve 匯兌波動儲備 RMB'000 人民幣千元	Share option reserve 購股權儲備 RMB'000 人民幣千元	Capital reserve 資本儲備 RMB'000 人民幣千元 (note 34(iii)) (附註34(iii))	Retained profits 保留利潤 RMB'000 人民幣千元	Senior perpetual securities 高級永續證券 RMB'000 人民幣千元 (note 36) (附註36)	Total 總計 RMB'000 人民幣千元	Non- controlling interests 非控股權益 RMB'000 人民幣千元	Total equity 權益總額 RMB'000 人民幣千元	
At 1 January 2018	於2018年1月1日	355,982	1,044,202	62,642	393,093	11,277	(335,795)	12,938,094	1,911,986	16,381,481	1,061,755	17,443,236	
Profit for the year	年度利潤	-	-	-	-	-	-	3,504,940	-	3,504,940	221,163	3,726,103	
Other comprehensive loss for the year:	年度其他全面虧損：												
Exchange differences related to foreign operations	海外業務相關之匯兌差額	-	-	-	(972,612)	-	-	-	-	(972,612)	-	(972,612)	
Total comprehensive (losses)/income for the year	年度全面(虧損)/收益總額	-	-	-	(972,612)	-	-	3,504,940	-	2,532,328	221,163	2,753,491	
Final 2017 dividend	2017年終股息	-	(780,314)	-	-	-	-	-	-	(780,314)	-	(780,314)	
Issue of shares	發行股份	40,463	1,561,873	-	-	-	-	-	-	1,602,336	-	1,602,336	
Interim 2018 dividend	2018年中期股息	-	(403,551)	-	-	-	-	-	-	(403,551)	-	(403,551)	
Issue of shares for scrip dividend	發行以股代息股份	13,438	348,313	-	-	-	-	-	-	361,751	-	361,751	
Repurchase of own shares	購回自身股份	33(d) (351)	(9,568)	-	-	-	-	-	-	(9,919)	-	(9,919)	
Issue of shares in connection with the exercise of share options	就行使購股權發行股份		503	10,276	-	(984)	-	-	-	9,795	-	9,795	
Acquisition of subsidiaries	收購附屬公司	-	-	-	-	-	-	-	-	-	673,823	673,823	
Acquisition of non-controlling interests	收購非控股權益	-	-	-	-	-	(108,423)	-	-	(108,423)	(39,479)	(147,902)	
Capital contribution from non-controlling shareholders	非控股股東出資	-	-	-	-	-	-	-	-	-	26,500	26,500	
Distribution to holders of senior perpetual securities	向高級永續證券持有人分派	-	-	-	-	-	-	(106,546)	-	(106,546)	-	(106,546)	
Equity-settled share option arrangements	以權益支付購股權之安排	34(a)	-	-	-	7,652	-	-	-	7,652	-	7,652	
At 31 December 2018	於2018年12月31日	410,035	1,771,231*	62,642*	(579,519)*	17,945*	(444,218)*	16,336,488*	1,911,986	19,486,590	1,943,762	21,430,352	

* These reserve accounts comprise the consolidated reserves of RMB20,544,015,000 (2018: RMB17,164,569,000) in the consolidated statement of financial position.

* 該等儲備賬包括綜合財務狀況表中載列的綜合儲備人民幣20,544,015,000元(2018年: 人民幣17,164,569,000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 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動產生的現金流量			
Profit before tax	除稅前利潤		6,604,501	6,734,708
Adjustments for:	就以下項目作出調整：			
Finance costs – interest expenses	融資成本－利息支出	6	181,601	223,352
Finance costs – loss on early redemption of senior notes	融資成本－提早贖回優先票據的虧損		178,744	–
Bank interest income	銀行利息收入	5	(385,481)	(337,292)
Depreciation	折舊	7	83,188	77,147
Fair value (gain)/loss on derivative financial instruments	衍生金融工具公允價值（收益）／虧損		(61,511)	30,318
Impairment of goodwill	商譽減值	16	189,292	–
Share of profits and losses of joint ventures	應佔合營公司損益額		63,489	74,265
Share of profits and losses of associates	應佔聯營公司損益額		(229,369)	(21,849)
Fair value gain on investment properties, net	投資物業的公允價值收益淨額	14	(600,546)	(165,831)
Equity-settled share option expense	以股權結算購股權開支	7	12,160	7,652
Gain on disposal of subsidiaries	出售附屬公司的收益	5	(1,400,044)	–
Gain on bargain purchase on acquisition of a subsidiary	收購附屬公司之議價收購收益	5	(255,794)	(58,246)
			4,380,230	6,564,224
Increase in properties under development	在建物業增加		(11,304,659)	(4,860,832)
Decrease in properties held for sale	持作銷售用途的物業減少		8,076,999	13,440,288
(Increase)/decrease in prepayments for acquisition of land	收購土地預付款項（增加）／減少		(3,440,092)	370,380
(Increase)/decrease in prepayments, other receivables and other assets	預付款、其他應收款項及其他資產（增加）／減少		(4,393,161)	1,958,389
Decrease in receipts in advance	預收款項減少		–	(10,268,840)
Decrease in contract liabilities	合約負債減少		(5,563,200)	(1,137,932)
Increase/(decrease) in trade payables	貿易應付款項增加／（減少）		2,912,335	(137,879)
Increase in other payables and accruals	其他應付款項及應計費用增加		10,032,364	3,766,513
Cash generated from operations	經營活動產生的現金		700,816	9,694,311
Interest received	已收利息		385,481	337,292
Interest paid	已付利息		(4,338,458)	(3,018,064)
PRC corporate income tax paid	已繳中國企業所得稅		(1,229,775)	(2,434,741)
PRC land appreciation tax paid	已繳中國土地增值稅		(1,377,228)	(1,421,489)
Net cash flows (used in)/from operating activities	經營活動（所用）／產生之現金流量淨額		(5,859,164)	3,157,309

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

Year ended 31 December 2019 截至2019年12月31日止年度

		Notes 附註	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動產生的現金流量			
Purchases of items of property, plant and equipment	購買物業、廠房及設備項目	13	(23,988)	(50,030)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備 所得款項		1,873	3,434
Additions of investment properties	添置投資物業	14	(346,944)	(58,519)
Repayment from/(advance to) joint ventures	合營公司還款／ (向合營公司墊款)		(8,391,134)	6,906,605
Repayment from/(advance to) associates	聯營公司還款／ (向聯營公司墊款)		(1,988,007)	798,367
Investments in joint ventures	於合營公司投資		(2,399,642)	(4,360,025)
Return of capital by joint ventures	合營公司的資本回報		3,416,294	—
Investments in associates	於聯營公司投資		(2,052,703)	(171,239)
Return of capital by associates	聯營公司的資本回報		809,361	—
Acquisitions of subsidiaries	收購附屬公司		(1,651,910)	(4,601,162)
Deemed disposal of subsidiaries	視作出售附屬公司	39	(1,424,845)	—
Disposals of subsidiaries	出售附屬公司	40	215,926	159,882
Decrease/(increase) in restricted cash	受限制現金減少／(增加)		81,222	(215,151)
Increase in non-pledged time deposits with original maturity of over three months	始初期限超過三個月之 無抵押定期存款增加		(5,189,418)	—
Net cash flows used in investing activities	投資活動所用現金流量淨額		(18,943,915)	(1,587,838)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動產生的現金流量			
Capital contributions from non-controlling shareholders	非控股股東出資		3,348,755	26,500
Acquisition of non-controlling interests	收購非控股權益		(143,000)	(147,902)
Increase in amounts due to non-controlling shareholders	應付非控股股東款項增加		1,522,678	37,682
New bank and other borrowings	新增銀行及其他借貸		15,187,751	11,475,283
Repayment of bank and other borrowings	償還銀行及其他借貸		(9,701,191)	(10,248,133)
Proceeds from issue of senior notes	發行優先票據所得款項		21,330,041	6,807,780
Redemption of senior notes	贖回優先票據		(4,181,617)	—
Premium on early redemption of senior notes	提早贖回優先票據溢價		(178,744)	—
Proceeds from issue of corporate bonds	發行公司債券所得款項		3,500,000	3,000,000
Repayment of corporate bonds	償還公司債券		(5,000,000)	(2,000,000)
Proceeds from issue of shares	發行股份所得款項		—	1,602,336
Proceeds from issuance of shares in connection with the exercise of share options	就行使購股權發行股份 所得款項		22,878	9,795
Dividends paid	已付股息		(296,411)	(567,421)
Payment for repurchase of shares	購回股份付款		—	(9,919)
Distribution to holders of senior perpetual securities	向高級永續證券持有人分派		(110,743)	(106,546)
Net cash flows from financing activities	融資活動產生的現金流量淨額		25,300,397	9,879,455

Consolidated Statement of Cash Flows (Continued)
綜合現金流量表(續)

Year ended 31 December 2019 截至2019年12月31日止年度

	Notes 附註	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加淨額	497,318	11,448,926
Cash and cash equivalents at beginning of year	年初現金及現金等價物	27,162,230	15,596,239
Effect of foreign exchange rate changes, net	匯率變動影響淨額	796,181	117,065
CASH AND CASH EQUIVALENTS AT END OF YEAR	年末現金及現金等價物	28,455,729	27,162,230
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等價物結餘的分析		
Cash and bank balances	現金及銀行結餘	21,276,777	27,162,230
Non-pledged time deposits with original maturity of no more than three months	始初期限不超過三個月之無抵押定期存款	7,178,952	-
Cash and cash equivalents as stated in the consolidated statement of cash flows and included in the consolidated statement of financial position	於列入綜合現金流量表及計入綜合財務狀況表的現金及現金等價物	28,455,729	27,162,230

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION

Yuzhou Properties Company Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The registered office of the Company is located at 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KKY1-1110, Cayman Islands and its principal place of business in Hong Kong is located at 6th Floor, Yardley Commercial Building, 3 Connaught Road West, Sheung Wan, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in property development, property investment, property management and hotel operations in the mainland of the People’s Republic of China (the “PRC” or “Mainland China”) and Hong Kong.

In the opinion of the directors, Mr. Lam Lung On and Ms. Kwok Ying Lan, both being directors of the Company, are considered as the controlling shareholders of the Company.

1. 公司及集團資料

禹洲地產股份有限公司（「本公司」）乃於開曼群島註冊成立的有限責任公司，其股份於香港聯合交易所有限公司（「香港聯交所」）主板上市。本公司的註冊辦事處位於4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KKY1-1110, Cayman Islands，其香港主要營業地址為香港上環干諾道西3號億利商業大廈6樓。

年內，本公司及其附屬公司（統稱「本集團」）主要於中華人民共和國大陸（「中國」或「中國大陸」）及香港從事物業開發、物業投資、物業管理以及酒店業務。

董事認為，本公司董事林龍安先生及郭英蘭女士被視為本公司控股股東。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

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)

附屬公司之資料

本公司主要附屬公司之詳情如下：

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立/註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本/註冊股本面值	Equity interest attributable to the Company 本公司應佔權益		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xiamen Yaozhou Real Estate Development Co., Ltd. * (Note) (廈門堯洲房地產開發有限公司)	PRC/Mainland China	RMB10,800,000	-	100%	Property development
廈門堯洲房地產開發有限公司* (附註)	中國/中國大陸	人民幣10,800,000元	-	100%	物業開發
Xiamen Gangyi Real Estate Marketing Agent Co., Ltd. * (Note) (廈門港誼房產營銷代理有限公司)	PRC/Mainland China	HK\$5,000,000	-	100%	Marketing
廈門港誼房產營銷代理有限公司* (附註)	中國/中國大陸	港幣5,000,000元	-	100%	營銷
Xiamen Yuzhou Commercial Investment & Management Co., Ltd. * (Note) (廈門禹洲商業投資管理有限公司)	PRC/Mainland China	HK\$5,000,000	-	100%	Property management
廈門禹洲商業投資管理有限公司* (附註)	中國/中國大陸	港幣5,000,000元	-	100%	物業管理
Xiamen Diyuan Bonded Storage and Distribution Co., Ltd. * (Note) (廈門帝元保稅儲運有限公司)	PRC/Mainland China	RMB20,000,000	-	100%	Property development
廈門帝元保稅儲運有限公司* (附註)	中國/中國大陸	人民幣20,000,000元	-	100%	物業開發
Xiamen Kim International Realty Development Co., Ltd. * (Note) (廈門金國際地產發展有限公司)	PRC/Mainland China	US\$113,600,000	-	100%	Property development
廈門金國際地產發展有限公司* (附註)	中國/中國大陸	113,600,000美元	-	100%	物業開發
Xiamen Richville Development Ltd.* (Note) (廈門貴豐房地產開發有限公司)	PRC/Mainland China	US\$55,000,000	-	100%	Property development
廈門貴豐房地產開發有限公司* (附註)	中國/中國大陸	55,000,000美元	-	100%	物業開發

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

1. 公司及集團資料 (續)

附屬公司之資料 (續)

本公司主要附屬公司之詳情如下：(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			本公司應佔權益 Direct 直接	Indirect 間接	
Xiamen Gangyi Real-Estate Co., Ltd. * (Note) (廈門港詒置業有限公司) 廈門港詒置業有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB160,000,000 人民幣160,000,000元	-	100%	Property development 物業開發
Xiamen Fengzhou Real-Estate Co., Ltd. * (Note) (廈門豐洲置業有限公司) 廈門豐洲置業有限公司* (附註)	PRC/Mainland China 中國／中國大陸	HK\$18,000,000 港幣18,000,000元	-	100%	Property development 物業開發
Xiamen Yuzhou Grand Future Real Estate Development Co., Ltd. * (Note) (廈門禹洲鴻圖地產開發有限公司) 廈門禹洲鴻圖地產開發有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB1,500,000,000 人民幣1,500,000,000元	-	100%	Property development 物業開發
Xiamen Skyplaz Realty & Development Co., Ltd. * (Note) (廈門海天房地產開發有限公司) 廈門海天房地產開發有限公司* (附註)	PRC/Mainland China 中國／中國大陸	US\$25,000,000 25,000,000美元	-	100%	Property development 物業開發
Hefei Yuzhou Real Estate Development Co., Ltd. * (Note) (合肥禹洲房地產開發有限公司) 合肥禹洲房地產開發有限公司* (附註)	PRC/Mainland China 中國／中國大陸	US\$90,000,000 90,000,000美元	-	100%	Property development 物業開發
Xiamen Huaqiao City Real Estate Co., Ltd. * (Note) (廈門華僑城房地產開發有限公司) 廈門華僑城房地產開發有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB20,000,000 人民幣20,000,000元	-	100%	Property development 物業開發
Anhui Overseas City Construction & Development Co., Ltd. * (Note) (安徽華僑城建設發展有限公司) 安徽華僑城建設發展有限公司* (附註)	PRC/Mainland China 中國／中國大陸	US\$3,000,000 3,000,000美元	-	100%	Property investment 物業投資

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

1. 公司及集團資料 (續)

附屬公司之資料 (續)

本公司主要附屬公司之詳情如下：(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立/註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本/註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xiamen Yuzhou Group Ltd. * (Note) (廈門禹洲集團股份有限公司) 廈門禹洲集團股份有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB116,064,000 人民幣116,064,000元	-	100%	Property investment 物業投資
Shanghai Kangtai Real Estate Development Co., Ltd. * (Note) (上海康泰房地產開發有限公司) 上海康泰房地產開發有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB30,000,000 人民幣30,000,000元	-	100%	Property development 物業開發
Shanghai Jinyue Real Estate Development Co., Ltd. * (Note) (上海金躍房地產開發有限公司) 上海金躍房地產開發有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB100,000,000 人民幣100,000,000元	-	100%	Property development 物業開發
Shanghai Yuzhou Real Estate Investment Co. Ltd. * (Note) (上海禹洲房地產投資有限公司) 上海禹洲房地產投資有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB100,000,000 人民幣100,000,000元	-	100%	Property development 物業開發
Shanghai Yanhai Real Estate Development Co., Ltd. * (Note) (上海燕海房地產開發經營 有限責任公司) 上海燕海房地產開發經營 有限責任公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB48,450,000 人民幣48,450,000元	-	100%	Property development 物業開發
Shanghai Liyade Property Investment Co., Ltd. * (Note) (上海利雅得投資置業有限公司) 上海利雅得投資置業有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB42,000,000 人民幣42,000,000元	-	100%	Property development 物業開發
Shanghai Yuzhou Hotel Management Co., Ltd. * (Note) (上海禹洲酒店管理有限公司) 上海禹洲酒店管理有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB2,000,000 人民幣2,000,000元	-	100%	Hotel management 酒店管理
Yuzhou Real Estate Service Company Limited * (Note) (禹洲物業服務有限公司) 禹洲物業服務有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB50,000,000 人民幣50,000,000元	-	100%	Property management 物業管理

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xiamen Yuzhou Property Development Co., Ltd. * (Note) (廈門禹洲房地產開發有限公司)	PRC/Mainland China	RMB23,600,000	-	100%	Property development
廈門禹洲房地產開發有限公司* (附註)	中國／中國大陸	人民幣23,600,000元	-	100%	物業開發
Fujian Yingfeng Real Estate Investment Co., Ltd. * (Note) (福建盈峰地產投資有限公司)	PRC/Mainland China	RMB50,000,000	-	100%	Property investment
福建盈峰地產投資有限公司* (附註)	中國／中國大陸	人民幣50,000,000元	-	100%	物業投資
Fujian Wanlong Property Management Co., Ltd. * (Note) (福建萬龍物業管理服務有限公司)	PRC/Mainland China	RMB5,000,000	-	100%	Property management
福建萬龍物業管理服務有限公司* (附註)	中國／中國大陸	人民幣5,000,000元	-	100%	物業管理
Hefei Ludong Real Estate Development Co., Ltd. * (Note) (合肥廬東房地產開發 有限責任公司)	PRC/Mainland China	RMB80,000,000	-	100%	Property development
合肥廬東房地產開發有限責任公司* (附註)	中國／中國大陸	人民幣80,000,000元	-	100%	物業開發
Hefei Kangli Realty Co., Ltd. * (Note) (合肥市康麗置業有限公司)	PRC/Mainland China	RMB30,000,000	-	100%	Property development
合肥市康麗置業有限公司* (附註)	中國／中國大陸	人民幣30,000,000元	-	100%	物業開發
Goastal Greenland Development (Fujian) Limited * (沿海綠色家園發展(福建) 有限公司)	PRC/Mainland China	US\$10,000,000	-	100%	Property development
沿海綠色家園發展(福建)有限公司*	中國／中國大陸	10,000,000美元	-	100%	物業開發

1. 公司及集團資料(續)

附屬公司之資料(續)

本公司主要附屬公司之詳情如下：(續)

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

1. 公司及集團資料 (續)

附屬公司之資料 (續)

本公司主要附屬公司之詳情如下：(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立/註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本/註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xiamen Shunzhou Real Estate Development Co., Ltd. * (Note) (廈門舜洲房地產開發有限公司) 廈門舜洲房地產開發有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB800,000,000 人民幣800,000,000元	-	100%	Property development 物業開發
Xiamen Yuzhou Seaview Property Development Co., Ltd. * (Note) (廈門禹洲海景城房地產有限公司) 廈門禹洲海景城房地產有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB1,500,000,000 人民幣1,500,000,000元	-	100%	Property development 物業開發
Shanghai Yuzhou Real Estate Development Co., Ltd. * (Note) (上海禹洲房地產開發有限公司) 上海禹洲房地產開發有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB100,000,000 人民幣100,000,000元	-	100%	Property development 物業開發
Shanghai Nankai Realty Development Ltd. * (Note) (上海南凱置業發展有限公司) 上海南凱置業發展有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB90,000,000 人民幣90,000,000元	-	100%	Property development 物業開發
Shanghai Kangyi Real Estate Development Co., Ltd. * (Note) (上海康怡房地產開發有限公司) 上海康怡房地產開發有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB48,714,300 人民幣48,714,300元	-	100%	Property development 物業開發
Yuzhou Properties (Beijing) Co., Ltd. * (Note) (禹洲地產(北京)有限公司) 禹洲地產(北京)有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB100,000,000 人民幣100,000,000元	-	100%	Property development 物業開發
Yuzhou Properties (Quanzhou) Co., Ltd. * (Note) (禹洲地產(泉州)有限公司) 禹洲地產(泉州)有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB150,000,000 人民幣150,000,000元	-	100%	Property development 物業開發

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xin Yi Fang Tian (Quanzhou) Construction Materials Co., Ltd. * (Note) (新易方天(泉州)建築材料有限公司)	PRC/Mainland China	RMB10,000,000	-	100%	Trading of building materials
新易方天(泉州)建築材料有限公司* (附註)	中國／中國大陸	人民幣10,000,000元	-	100%	買賣建築材料
Tianjin Yuzhou Jinhai Real Estate Investment Co., Ltd. * (Note) (天津禹洲津海地產投資有限公司)	PRC/Mainland China	RMB200,000,000	-	100%	Property development
天津禹洲津海地產投資有限公司* (附註)	中國／中國大陸	人民幣200,000,000元	-	100%	物業開發
Xiamen Xiang'anwan Baseball and Softball Industrial Investment Co., Ltd. * (Note) (廈門翔安灣棒壘球產業投資有限公司)	PRC/Mainland China	RMB10,000,000	-	76.25%	Property development
廈門翔安灣棒壘球產業投資有限公司* (附註)	中國／中國大陸	人民幣10,000,000元	-	76.25%	物業開發
Xiamen Gangyi Communication Co., Ltd. * (Note) (廈門港詒通訊有限公司)	PRC/Mainland China	RMB5,000,000	-	100%	Property development
廈門港詒通訊有限公司* (附註)	中國／中國大陸	人民幣5,000,000元	-	100%	物業開發
Xiamen Junyu Trade Co., Ltd. * (Note) (廈門俊宇貿易有限公司)	PRC/Mainland China	RMB50,000,000	-	100%	Trading of construction materials
廈門俊宇貿易有限公司* (附註)	中國／中國大陸	人民幣50,000,000元	-	100%	買賣建築材料
Xiamen Xin Cheng Li Da Trading Co., Ltd. * (Note) (廈門信成立達貿易有限公司)	PRC/Mainland China	RMB20,000,000	-	100%	Trading of construction materials
廈門信成立達貿易有限公司* (附註)	中國／中國大陸	人民幣20,000,000元	-	100%	買賣建築材料

1. 公司及集團資料 (續)

附屬公司之資料 (續)

本公司主要附屬公司之詳情如下：(續)

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

1. 公司及集團資料 (續)

附屬公司之資料 (續)

本公司主要附屬公司之詳情如下: (續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立/註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本/註冊股本面值	Equity interest attributable to the Company 本公司應佔權益		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Longyan Yuzhou Real Estate Development Co., Ltd. * (Note) (龍岩禹洲房地產開發有限公司) 龍岩禹洲房地產開發有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB500,000,000 人民幣500,000,000元	-	100%	Property development 物業開發
Anhui Shengtian Property Co., Ltd. * (Note) (安徽晟天置業有限公司) 安徽晟天置業有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB150,000,000 人民幣150,000,000元	-	100%	Property development 物業開發
Anhui Shenghe Property Co. Ltd. * (Note) (安徽晟和置業有限公司) 安徽晟和置業有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB10,000,000 人民幣10,000,000元	-	100%	Property development 物業開發
Huainan Yuzhou Real Estate Development Co., Ltd. * (Note) (淮南禹洲房地產開發有限公司) 淮南禹洲房地產開發有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB16,000,000 人民幣16,000,000元	-	100%	Property development 物業開發
Yuzhou Properties (Shanghai) Company Limited * (Note) (禹洲置業(上海)有限公司) 禹洲置業(上海)有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB600,000,000 人民幣600,000,000元	-	100%	Property development 物業開發
Fujian Yu Gang Construction Materials Company Limited * (Note) (福建禹港建築材料有限公司) 福建禹港建築材料有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB18,290,700 人民幣18,290,700元	-	100%	Trading of building materials 買賣建築材料
Xiamen Rungang Property Investment Co., Ltd. * (Note) (廈門潤港投資置業有限公司) 廈門潤港投資置業有限公司* (附註)	PRC/Mainland China 中國/中國大陸	RMB18,348,300 人民幣18,348,300元	-	100%	Property investment 物業投資

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xiamen Gangzhou Co., Ltd. * (Note) (廈門市港洲有限公司) 廈門市港洲有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB300,000,000 人民幣300,000,000元	-	100%	Property development 物業開發
Xiamen Yuzhou City Co., Ltd. * (Note) (廈門禹洲城有限公司) 廈門禹洲城有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB1,680,000,000 人民幣1,680,000,000元	-	100%	Property development 物業開發
Xiamen Honggang Cultural and Creative Co., Ltd. * (Note) (廈門泓港文化創意有限公司) 廈門泓港文化創意有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB1,000,000 人民幣1,000,000元	-	100%	Property development 物業開發
Xiamen Yihai Consulting Co., Ltd. * (Note) (廈門亦海諮詢有限公司) 廈門亦海諮詢有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB1,000,000 人民幣1,000,000元	-	100%	Property development 物業開發
Hefei Shunzhou Realty Co., Ltd. * (Note) (合肥舜洲置業有限公司) 合肥舜洲置業有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB1,200,000,000 人民幣1,200,000,000元	-	100%	Property development 物業開發
Fujian Big World Huaxia Real Estate Development Co., Ltd. * (Note) (福建大世界華夏房地產有限公司) 福建大世界華夏房地產有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB1,110,000,000 人民幣1,110,000,000元	-	100%	Property development 物業開發
Yuzhou Properties (Hefei) Eastern Town Co., Ltd. * (Note) (禹洲置業(合肥)東城有限公司) 禹洲置業(合肥)東城有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB1,800,000,000 人民幣1,800,000,000元	-	100%	Property development 物業開發
Hefei Yifeng Real Estate Development Co., Ltd. * (Note) (合肥溢豐房地產開發有限公司) 合肥溢豐房地產開發有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB300,000,000 人民幣300,000,000元	-	100%	Property development 物業開發

1. 公司及集團資料 (續)

附屬公司之資料 (續)

本公司主要附屬公司之詳情如下：(續)

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

1. 公司及集團資料(續)

附屬公司之資料(續)

本公司主要附屬公司之詳情如下:(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立/註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本/註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Nanjing Bozhou Real Estate Investment Co., Ltd. * (Note) (南京博洲房地產開發有限公司) 南京博洲房地產開發有限公司*(附註)	PRC/Mainland China 中國/中國大陸	RMB1,880,000,000 人民幣1,880,000,000元	-	100%	Property development 物業開發
Shanghai Shunhong Real Estate Development Co., Ltd. * (Note) (上海舜鴻房地產開發有限公司) 上海舜鴻房地產開發有限公司*(附註)	PRC/Mainland China 中國/中國大陸	RMB150,000,000 人民幣150,000,000元	-	100%	Property development 物業開發
Nanjing Xiangzhou Real Estate Development Co., Ltd. * (Note) (南京翔洲房地產開發有限公司) 南京翔洲房地產開發有限公司*(附註)	PRC/Mainland China 中國/中國大陸	RMB130,000,000 人民幣130,000,000元	-	100%	Property development 物業開發
Nanjing Shunhong Real Estate Development Co., Ltd. * (Note) (南京舜鴻房地產開發有限公司) 南京舜鴻房地產開發有限公司*(附註)	PRC/Mainland China 中國/中國大陸	RMB150,000,000 人民幣150,000,000元	-	51%	Property development 物業開發
Nanjing Haoyi Real Estate Development Co., Ltd. * (Note) (南京灝溢房地產開發有限公司) 南京灝溢房地產開發有限公司*(附註)	PRC/Mainland China 中國/中國大陸	RMB355,000,000 人民幣355,000,000元	-	100%	Property development 物業開發
Xiamen Xiangzhou Real Estate Investment Co., Ltd. ("Xiamen Xiangzhou") * (Note) (廈門翔洲房地產開發有限公司) 廈門翔洲房地產開發有限公司 (「廈門翔洲」)*(附註)	PRC/Mainland China 中國/中國大陸	RMB50,000,000 人民幣50,000,000元	-	51%	Property development 物業開發
Jiangsu Guangsheng Property Co., Ltd.* (Note) (江蘇廣升置業有限公司) 江蘇廣升置業有限公司*(附註)	PRC/Mainland China 中國/中國大陸	RMB312,000,000 人民幣312,000,000元	-	73%	Property development 物業開發

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Huizhou Santian Industrial Development Co., Ltd. * (Note) (惠州市三田實業發展有限公司)	PRC/Mainland China	RMB61,224,500	-	51%	Property development
惠州市三田實業發展有限公司* (附註)	中國／中國大陸	人民幣61,224,500元	-	51%	物業開發
Huizhou Dongrun Industrial Co., Ltd. * (Note) (惠州市東潤實業有限公司)	PRC/Mainland China	RMB21,000,000	-	100%	Property development
惠州市東潤實業有限公司* (附註)	中國／中國大陸	人民幣21,000,000元	-	100%	物業開發
Great Bonus Limited (旺鴻有限公司)	Hong Kong	HK\$1	-	100%	Property development
旺鴻有限公司	香港	1港元	-	100%	物業開發
Shanghai Zexiang Real Estate Development Co., Ltd. ("Shanghai Zexiang") * (Note) (上海澤翔房地產開發有限公司)	PRC/Mainland China	RMB2,315,000,000	-	100%	Property development
上海澤翔房地產開發有限公司 (「上海澤翔」)* (附註)	中國／中國大陸	人民幣2,315,000,000元	-	100%	物業開發
Nanjing Honghao Real Estate Development Co., Ltd. ("Nanjing Honghao") * (Note) (南京弘濤房地產開發有限公司)	PRC/Mainland China	RMB150,000,000	-	49%	Property development
南京弘濤房地產開發有限公司 (「南京弘濤」)* (附註)	中國／中國大陸	人民幣150,000,000元	-	49%	物業開發
Zhongwei Properties Zhejiang Co., Ltd. ("Zhongwei Properties") * (Note) (中維地產浙江有限公司)	PRC/Mainland China	RMB1,000,000,000	-	100%	Property development
中維地產浙江有限公司 (「中維地產」)* (附註)	中國／中國大陸	人民幣1,000,000,000元	-	100%	物業開發
Hefei Xiangzhou Real Estate Development Co., Ltd. ("Hefei Xiangzhou") * (Note) (合肥翔洲房地產開發有限公司)	PRC/Mainland China	RMB667,000,000	-	75%	Property development
合肥翔洲房地產開發有限公司 (「合肥翔洲」)* (附註)	中國／中國大陸	人民幣667,000,000元	-	75%	物業開發

1. 公司及集團資料 (續)

附屬公司之資料 (續)

本公司主要附屬公司之詳情如下：(續)

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

1. 公司及集團資料(續)

附屬公司之資料(續)

本公司主要附屬公司之詳情如下:(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立/註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本/註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Shanghai Chongming Yushang Property Co., Ltd. ("Shanghai Chongming") * (Note) (上海崇明豫商置業有限公司)	PRC/Mainland China	RMB20,000,000	-	80%	Property development
上海崇明豫商置業有限公司 (「上海崇明」)*(附註)	中國/中國大陸	人民幣20,000,000元	-	80%	物業開發
Nanjing Qianjing Real Estate Development Co., Ltd. (("Nanjing Qianjing") * (Note) (南京乾景房地產開發有限公司)	PRC/Mainland China	RMB170,000,000	-	40%	Property development
南京乾景房地產開發有限公司 (「南京乾景」)*(附註)	中國/中國大陸	人民幣170,000,000元	-	40%	物業開發
Fuzhou Zexiang Real Estate Development Co., Ltd. (("Fuzhou Zexiang") * (Note) (福州澤翔房地產開發有限公司)	PRC/Mainland China	RMB50,000,000	-	66%	Property development
福州澤翔房地產開發有限公司 (「福州澤翔」)*(附註)	中國/中國大陸	人民幣50,000,000元	-	66%	物業開發
Hefei Bozhou Real Estate Development ("Hefei Bozhou") * (Note) (合肥博洲房地產開發有限公司)	PRC/Mainland China	RMB392,160,000	-	100%	Property development
合肥博洲房地產開發有限公司 (「合肥博洲」)*(附註)	中國/中國大陸	人民幣392,160,000元	-	100%	物業開發
Suzhou Yuzhou Xuanyi Real Estate Development Co., Ltd. (("Suzhou Yuzhou Xuanyi") * (Note) (蘇州禹洲軒溢房地產開發有限公司)	PRC/Mainland China	RMB50,000,000	-	100%	Property development
蘇州禹洲軒溢房地產開發有限公司 (「蘇州禹洲軒溢」)*(附註)	中國/中國大陸	人民幣50,000,000元	-	100%	物業開發
Suzhou Shunhong Real Estate Development Co., Ltd. (("Suzhou Shunhong") * (Note) (蘇州舜鴻房地產開發有限公司)	PRC/Mainland China	RMB20,820,000	-	51%	Property development
蘇州舜鴻房地產開發有限公司 (「蘇州舜鴻」)*(附註)	中國/中國大陸	人民幣20,820,000元	-	51%	物業開發

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Suzhou Yucheng Real Estate Development Co., Ltd. ("Suzhou Yucheng") * (Note) (蘇州裕成房地產開發有限公司)	PRC/Mainland China	RMB985,650,000	-	66%	Property development
蘇州裕成房地產開發有限公司 (「蘇州裕成」) * (附註)	中國／中國大陸	人民幣985,650,000元	-	66%	物業開發
Zhangzhou Yuzhou Yixuan Real Estate Development Co., Ltd. ("Zhangzhou Yuzhou Yixuan") * (Note) (漳州市禹洲益軒房地產開發有限公司)	PRC/Mainland China	RMB507,530,000	-	51%	Property development
漳州市禹洲益軒房地產開發有限公司 (「漳州市禹洲益軒」) * (附註)	中國／中國大陸	人民幣507,530,000元	-	51%	物業開發

All the principal subsidiaries disclosed above are not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

* Registered as wholly-foreign-owned enterprises under the PRC law.

® Registered as domestic limited liability companies under the PRC law.

* Registered as Sino-foreign equity entities under the PRC law.

Note: The English names of these companies represent the best effort made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

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.

1. 公司及集團資料 (續)

附屬公司之資料 (續)

本公司主要附屬公司之詳情如下：(續)

上文披露的所有主要附屬公司並非由香港安永會計師事務所或安永全球網絡之其他成員公司審核。

* 根據中國法律註冊為外商獨資企業。

® 根據中國法律註冊為境內有限責任公司。

* 根據中國法律註冊為中外合資實體。

附註：由於該等公司並未註冊任何正式英文名稱，因此其英文名稱乃本公司管理層盡力將其中文名稱直接翻譯而成。

上表載列董事認為主要影響年度業績或組成本集團資產淨值主要部分的本公司附屬公司。董事認為載列其他附屬公司的詳細資料會過份冗長。

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries 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.

2.1 編製基準

此等財務報表乃根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)(包括所有的香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港公認會計原則及香港公司條例之披露規定而編製。此等財務報表乃根據歷史成本法編製,惟投資物業及衍生金融工具以公允值計量除外。此等財務報表以人民幣(「人民幣」)列報,除非另有指明者外,所有數值均已捨入至最接近的千位數(人民幣千元)。

綜合基準

綜合財務報表包括本公司及其附屬公司截至2019年12月31日止年度的財務報表。附屬公司為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營運所得的可變回報承受風險或享有權利以及能透過對投資對象的權力(即本集團獲賦予現有能力以主導投資對象相關活動的既存權利)影響該等回報時,即取得控制權。

倘本公司直接或間接擁有少於投資對象大多數投票或類似權利的權利,則本集團於評估其是否擁有對投資對象的權力時會考慮一切相關事實及情況,包括:

- (a) 與投資對象其他投票持有人的合約安排;
- (b) 其他合約安排所產生的權利;及
- (c) 本集團的投票權及潛在投票權。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 編製基準 (續)

綜合基準 (續)

附屬公司的財務報表乃按與本公司一致的報告期及會計政策編製。附屬公司的業績由本集團取得控制權之日起綜合入賬，並繼續綜合入賬至該控制權終止當日為止。

即使會導致非控股權益出現虧絀結餘，損益及其他全面收益的各部分乃歸屬於本集團母公司擁有人及非控股權益。本集團內成員公司之間的交易所涉及的所有集團內公司間資產及負債、權益、收入、開支及現金流量均於綜合入賬時全部對銷。

倘事實及情況顯示上文所述的控制權的三項元素的一項或多項有所變動，則本集團重新評估其是否控制投資對象。一間附屬公司的所有權權益發生變動但並未喪失控制權，則按權益交易入賬。

倘本集團失去對一間附屬公司的控制權，則其不再確認(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)於權益內記錄的累計匯兌差額；及確認(i)所收代價的公允值、(ii)所保留任何投資的公允值及(iii)損益中任何因此產生的盈餘或虧絀。先前於其他全面收益內確認的本集團應佔部分，乃按猶如本集團已直接出售相關資產或負債所需的相同基準重新分類至損益或保留利潤(視何者屬適當)。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i>
HKFRS 16	<i>Leases</i>
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Except for the amendments to HKFRS 9 and HKAS 19, and *Annual Improvements to HKFRSs 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 HKFRSs are described below:

- (a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17.

2.2 會計政策及披露事項的變動

本集團已就本年度之財務報表首次採納下列新訂及經修訂香港財務報告準則：

香港財務報告準則第9號之修訂	具有負補償的提前還款特性
香港財務報告準則第16號	租賃
香港會計準則第19號之修訂	計劃修訂、縮減或清償
香港會計準則第28號之修訂	於聯營公司及合營公司的長期權益
香港(國際財務報告詮釋委員會) – 詮釋第23號	所得稅處理之不確定性
2015年至2017年週期之年度改進	香港財務報告準則第3號、香港財務報告準則第11號、香港會計準則第12號及香港會計準則第23號之修訂

除香港財務報告準則第9號之修訂及香港會計準則第19號之修訂，以及香港財務報告準則2015年至2017年週期之年度改進與編製本集團財務報表無關外，新訂及經修訂香港財務報告準則之性質及影響載述如下：

- (a) 香港財務報告準則第16號取代香港會計準則第17號租賃，香港(國際財務報告詮釋委員會) – 詮釋第4號確定一項安排是否包含一項租賃，香港(準則詮釋委員會) – 詮釋第15號經營租賃 – 優惠及香港(準則詮釋委員會) – 詮釋第27號評估法律形式為租賃之交易實質。該準則規定了租賃確認、計量、列報和披露的原則，並要求承租人以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。香港財務報告準則第16號項下的出租人會計處理與香港會計準則第17號大致不變。出租人將繼續使用與香港會計準則第17號類似之原則將租賃分類為經營租賃或融資租賃。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

The Group adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 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 HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

2.2 會計政策及披露事項的變動 (續)

(a) (續)

本集團採用修正追溯調整法採納香港財務報告準則第16號，並於2019年1月1日首次應用。根據該方法，本集團已追溯應用該準則，並將首次採納的累計影響確認為對於2019年1月1日之保留利潤期初結餘的調整，且不會重列2018年的比較資料，而繼續根據香港會計準則第17號及相關詮釋作出報告。

租賃之新定義

根據香港財務報告準則第16號，倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約是租賃或包含租賃。當客戶有權獲得使用可識別資產的絕大部分經濟利益以及擁有指示使用可識別資產的權利時，即有控制權。本集團選擇應用過渡性的實際權宜辦法，其允許該準則僅適用於先前於首次應用日期已根據香港會計準則第17號及香港（國際財務報告詮釋委員會）－詮釋第4號確定為租賃之合約。根據香港會計準則第17號及香港（國際財務報告詮釋委員會）－詮釋第4號未確定為租賃的合約不會重新評估。因此，香港財務報告準則第16號項下的租賃定義已僅應用於在2019年1月1日或之後訂立或變更的合約。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for properties. 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 HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for an elective exemption for 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).

Impact on transition

For the leasehold land and building (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 HKAS 40.

The Group has used the following elective practical expedient when applying HKFRS 16 at 1 January 2019:

- Applying the short-term leases exemptions to leases with a lease term that ends within 12 months from the date of initial application

2.2 會計政策及披露事項的變動 (續)

(a) (續)

作為承租人 – 先前分類為經營租賃的租賃

採納香港財務報告準則第16號的影響性質

本集團擁有物業的租賃合約。作為承租人，本集團先前根據對租賃是否將資產所有權的絕大部分回報及風險轉移至本集團的評估，將租賃分類為融資租賃或經營租賃。根據香港財務報告準則第16號，本集團採用單一方法就所有租賃確認及計量使用權資產及租賃負債，惟租期為12個月或以下的租賃（「短期租賃」）的選擇性豁免（按相關資產類別選擇）除外。本集團確認使用權資產折舊（及減值，如有）及尚未償還租賃負債之應計利息（為融資成本），而非於自2019年1月1日開始之租期內按直線法於經營租賃項下確認租金開支。

過渡影響

對於先前計入投資物業及按公允值計量的租賃土地及樓宇（持有以賺取租金收入及／或作資本增值），本集團於2019年1月1日繼續將其入賬為投資物業，並繼續應用香港會計準則第40號按公允值計量。

於2019年1月1日應用香港財務報告準則第16號時，本集團使用以下選擇性實際權宜辦法：

- 對租期於首次應用日期起計12個月內結束的租賃應用短期租賃豁免

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)

Considering that the leasing arrangement is immaterial to the Group, the adoption of HKFRS 16 did not have any significant impact on the Group's financial statements.

- (b) Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 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 HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 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 HKFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

2.2 會計政策及披露事項的變動 (續)

(a) (續)

作為承租人 – 先前分類為經營租賃的租賃 (續)

過渡影響 (續)

考慮到租賃安排對本集團影響不算重大，採納香港財務報告準則第16號並無對本集團的財務報表造成任何重大影響。

- (b) 香港會計準則第28號的修訂澄清香港財務報告準則第9號的範圍豁免僅包括於聯營公司或合營公司的權益（應用權益法），並不包括實質上構成於聯營公司或合營公司淨投資一部分的長期權益（不應用權益法）。因此，實體將該等長期權益入賬時採用香港財務報告準則第9號（而非香港會計準則第28號），包括香港財務報告準則第9號的減值規定。香港會計準則第28號可應用於淨投資，包括長期權益，惟僅在確認聯營公司或合營公司虧損及於聯營公司或合營公司的淨投資減值的情況下方可應用。本集團於2019年1月1日採納修訂時，對其於聯營公司及合營公司的長期權益的業務模式作出評估，認為於聯營公司及合營公司的長期權益會繼續根據香港財務報告準則第9號按攤銷成本計量。因此，修訂對本集團的財務狀況或表現並無任何影響。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (c) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of HKAS 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. The interpretation did not have any impact on the financial position or performance of the Group.

2.2 會計政策及披露事項的變動 (續)

- (c) 香港（國際財務報告詮釋委員會）－詮釋第23號提供倘稅項處理涉及影響香港會計準則第12號的應用的不確定性（通常稱之為「不確定稅務狀況」），對所得稅（即期及遞延）的會計處理方法。該詮釋不適用於香港會計準則第12號範圍外的稅項或徵稅，尤其亦不包括與不確定稅項處理相關的利息及處罰相關規定。該詮釋具體處理(i)實體是否考慮對不確定稅項進行單獨處理；(ii)實體對稅務機關的稅項處理檢查所作的假設；(iii)實體如何釐定應課稅利潤或稅項虧損、稅基、未動用稅項虧損、未動用稅收抵免及稅率；及(iv)實體如何考慮事實及情況變動。於採納詮釋後，本集團考慮是否存在任何不確定稅務狀況。詮釋並無對本集團的財務狀況或表現造成任何影響。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3 *Definition of a Business*¹

Amendments to HKFRS 9, *Interest Rate Benchmark Reform*¹
HKAS 39 and HKFRS 7

Amendments to HKFRS 10 *Sale or Contribution of Assets*
and HKAS 28 (2011) *between an Investor and its*
*Associate or Joint Venture*³

HKFRS 17 *Insurance Contracts*²

Amendments to HKAS 1 *Definition of Material*¹
and HKAS 8

- 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 early adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below:

2.3 已頒佈但尚未生效之香港財務 報告準則

本集團並無於此等財務報表應用下列已頒佈但尚未生效之新訂及經修訂香港財務報告準則。

香港財務報告 業務之定義¹
準則第3號
之修訂

香港財務報告 利率基準改革¹
準則第9號、
香港會計準則
第39號及香港
財務報告準則
第7號之修訂

香港財務報告 投資者與其聯營公司或
準則第10號及 合營公司之間的資產
香港會計準則 出售或注資³
第28號
(2011年)
之修訂

香港財務報告 保險合約²
準則第17號

香港會計準則 重大之定義¹
第1號及香港
會計準則第8號
之修訂

- 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 並無確定強制生效日期，但可提前採納

預期將適用於本集團之香港財務報告準則的進一步資料載述如下：

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKFRS 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 HKFRS 9, HKAS 39 and HKFRS 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 已頒佈但尚未生效之香港財務 報告準則 (續)

香港財務報告準則第3號之修訂對業務之定義進行了澄清並提供額外指引。該修訂澄清，可視為業務的一組整合活動和資產，必須至少包括一項投入和一項實質性過程，且二者可以共同顯著促進創造產出的能力。業務可以不具備所有創造產出所需的投入和過程。該修訂刪除了評估市場參與者是否有能力收購業務並能持續產生產出的規定，轉為重點關注所取得的投入和實質性過程是否共同顯著促進創造產出的能力。該修訂亦縮小了產出的定義範圍，重點關注為客戶提供的商品或服務、投資收益或日常活動產生的其他收入。此外，該修訂為評估所取得過程是否為實質性過程提供了指引，並引入了可選的公允值集中度測試，允許對所取得的一組活動和資產是否不構成業務進行簡化評估。本集團預期自2020年1月1日起按未來適用形式採用該修訂。由於該修訂按未來適用形式適用於首次應用日期或之後發生的交易或其他事件，故於過渡日期該等修訂不會對本集團產生影響。

香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號之修訂旨在應對銀行同業拆息改革對財務申報的影響。該等修訂提供了暫時性補救措施，使企業能夠在取代現有利率基準前的不確定期間內繼續進行對沖會計處理。此外，該等修訂規定公司須向投資者提供有關直接受該等不確定因素影響的對沖關係的額外資料。該等修訂於2020年1月1日或之後開始之年度期間生效。允許提前應用。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。

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 and HKAS 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 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 已頒佈但尚未生效之香港財務 報告準則 (續)

香港財務報告準則第10號及香港會計準則第28號(2011年)之修訂針對香港財務報告準則第10號及香港會計準則第28號(2011年)之間有關投資者與其聯營公司或合營公司之間的資產出售或注資兩者規定之不一致性。該等修訂規定,當投資者與其聯營公司或合營公司之間的資產出售或注資構成一項業務時,須確認全數收益或虧損。當交易涉及不構成一項業務的資產時,由該交易產生的收益或虧損於該投資者的損益內確認,惟僅以不相關投資者於該聯營公司或合營公司的權益為限。該等修訂按未來適用形式應用。香港會計師公會已於2016年1月撤銷香港財務報告準則第10號及香港會計準則第28號(2011年)之修訂原先的強制生效日期,並將於完成對聯營公司及合營公司會計處理的更廣泛檢討後釐定新的強制生效日期。然而,該等修訂現時可予採納。

香港會計準則第1號及香港會計準則第8號之修訂提供重大之新定義。新定義載明,如果可合理預期漏報、錯報或掩蓋某資料將影響通用目的財務報表主要使用者基於該等財務報表作出的決定,則該資料具有重大性。該等修訂澄清重大性將取決於資料的性質或規模。如果可合理預期對資料的錯報會對主要使用者的決定造成影響,則該資料的錯報為重大錯報。本集團預期自2020年1月1日起按未來適用形式採納該等修訂。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。

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 a 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 associates 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 and 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

於聯營公司及合營公司的投資

聯營公司指本集團擁有一般不少於20%股本投票權的長期權益且本集團對其可行使重大影響力的實體。重大影響力為參與投資對象的財務及營運政策決定的權力，惟並非控制或共同控制該等政策。

合營公司是共同控制一項安排的訂約方對合營公司的資產淨值享有權利的合營安排。共同控制指按照合約協定對一項安排所共有的控制，共同控制僅在有關活動要求享有控制權的訂約方作出一致同意的決定時方存在。

本集團於聯營公司及合營公司的投資乃按本集團根據權益會計法應佔資產淨值減任何減值虧損於綜合財務狀況表列賬。

本集團應佔聯營公司及合營公司收購後業績及其他全面收益分別計入綜合損益表及綜合其他全面收益表。此外，倘於聯營公司或合營公司的權益直接確認一項變動，則本集團會於綜合權益變動表確認其應佔的任何變動（倘適用）。本集團與其聯營公司或合營公司間交易產生的未變現收益及虧損將以本集團於聯營公司及合營公司的投資為限對銷，惟倘未變現虧損提供所轉讓資產減值的憑證則除外。收購聯營公司或合營公司所產生的商譽計入作本集團於聯營公司或合營公司的投資的一部分。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 主要會計政策概要(續)

業務合併及商譽

業務合併乃以收購法入賬。轉讓之代價乃以收購日期公允值計量，該公允值為本集團所轉讓資產於收購日期之公允值、本集團向被收購方前擁有人承擔的負債及本集團發行以換取被收購方控制權之股本權益的總和。就各項業務併購而言，本集團會選擇以公允值或以應佔被收購方可識別資產淨值的比例，計算屬現時擁有人權益並賦予擁有人權利在清盤時按比例分佔資產淨值之於被收購方之非控股權益。非控股權益之一切其他部分乃按公允值計量。收購相關成本於產生時列為開支。

當本集團收購一項業務時，其根據合約條款、於收購日期之經濟環境及相關條件對所承擔金融資產及負債進行評估，以進行適當分類及確認。此中包括將嵌入式衍生工具從被收購方主合約分開。

倘業務合併按階段進行，則先前持有的股權按其收購日期公允值重新計量，因而產生之任何收益或虧損於損益確認。

收購方將轉撥的任何或然代價按於收購日期的公允值確認。分類為資產或負債之或然代價按公允值計量，而公允值變動於損益確認。分類為權益的或然代價毋須重新計量，其日後結算於權益內入賬。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 主要會計政策概要 (續)

業務合併及商譽 (續)

商譽初步按成本計量，即已轉讓代價、非控股權益之已確認金額及本集團先前所持於被收購方之股本權益之任何公允值之總額超出所收購可識別資產淨值及所承擔負債之差額。倘有關代價及其他項目之總和低於所收購資產淨值之公允值，則於重新評估後之差額會於損益確認為議價收購收益。

初步確認後，商譽按成本減任何累計減值虧損計量。商譽每年進行減值測試，或倘有事件或情況變化顯示賬面值可能出現減值，則進行更為頻密之測試。本集團對於12月31日的商譽進行年度減值測試。就進行減值測試而言，業務合併中購入之商譽由收購日期起分配至預期將從合併之協同效應中受益之本集團各現金產生單位或現金產生單位組別，而不論本集團之其他資產或負債是否分配至該等單位或單位組別。

減值按對與商譽有關之現金產生單位（現金產生單位組別）可收回金額進行之評估釐定。倘現金產生單位（現金產生單位組別）之可收回金額低於其賬面值，則確認減值虧損。就商譽確認之減值虧損不會於隨後期間撥回。

當商譽獲分配至現金產生單位（或現金產生單位組別）而該單位所在業務之某部分被出售，則於釐定出售之收益或虧損時，與所出售業務相關之商譽將計入該業務之賬面值內。在此等情況下所出售之商譽將以所出售業務和保留之現金產生單位部分相對價值為基礎作計量。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investment 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)

公允值計量

本集團按於各報告期間結束時的公允值計量其投資物業、衍生金融工具及股權投資。公允值為市場參與者於計量日期在有序交易中出售資產所收取或轉讓負債所支付的價格。公允值計量乃假設出售資產或轉讓負債的交易於資產或負債主要市場或(在無主要市場情況下)資產或負債的最具優勢市場進行。主要或最具優勢市場須為本集團可進入的市場。資產或負債的公允值乃使用市場參與者為資產或負債定價時會使用的假設計量(假設市場參與者依照彼等的最佳經濟利益行事)。

非金融資產的公允值計量須計及市場參與者通過使用該資產的最高及最佳用途或將該資產出售予將使用其最高及最佳用途的另一市場參與者而產生經濟效益的能力。

本集團採用於不同情況屬適當且具備充分數據以供計量公允值的估值方法，當中會盡量使用相關的可觀察輸入數據及盡量減少使用不可觀察輸入數據。

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 investment properties, properties under development, properties held for sale, land held for property development for sale, deferred tax assets and financial 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)

公允值計量 (續)

所有於財務報表計量或披露公允值的資產及負債乃基於對公允值計量整體而言屬重大的最低層輸入數據按以下所述分類至公允值層級：

- | | | |
|-----|---|---|
| 第一級 | - | 基於相同資產或負債於活躍市場的報價 (未經調整) |
| 第二級 | - | 基於對公允值計量而言屬重大的最低層輸入數據為可觀察 (直接或間接) 的估值方法 |
| 第三級 | - | 基於對公允值計量而言屬重大的最低層輸入數據為不可觀察的估值方法 |

就按經常性基準於財務報表確認的資產及負債而言，本集團透過於各報告期間結束時重新評估分類 (基於對公允值計量整體而言屬重大的最低層輸入數據) 釐定是否發生層級內不同等級的轉移。

非金融資產減值

倘有跡象顯示存在減值，或倘需就資產進行年度減值測試 (不包括投資物業、在建物業、持作銷售用途的物業、持作物業開發銷售用途的土地、遞延稅項資產及金融資產)，便會估計資產的可收回金額。資產的可收回金額按資產或現金產生單位的使用價值與其公允值減出售成本之較高者而計算，並就個別資產而釐定，除非該資產並不產生很大程度上獨立於其他資產或資產組別的現金流入，在此情況下可收回金額按資產所屬現金產生單位釐定。

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.

2.4 主要會計政策概要 (續)

非金融資產減值 (續)

減值虧損僅於資產賬面值超過其可收回金額時予以確認。於評估使用價值時，估計未來現金流量按反映現時市場對貨幣時間價值及資產特定風險的評估的稅前折現率折現至其現值。減值虧損會於產生期間在損益表中於與已減值資產功能相符的開支類別內扣除。

於各報告期間結束時，會評估是否有跡象顯示先前確認的減值虧損可能不再存在或可能已減少。倘有該跡象，便會估計可收回金額。先前就資產（商譽除外）確認的減值虧損，僅於用以釐定該資產的可收回金額的估計有變時予以撥回，但撥回後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的賬面值（扣除任何折舊／攤銷）。撥回減值虧損於其產生期間計入損益表。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 主要會計政策概要 (續)

關連方

在下列情況下，有關方將被視為本集團的關連方：

- (a) 該方為符合下列情況的人士或其近親
 - (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的主要管理人員的成員；

或

- (b) 該方為符合下列任何條件的實體：
 - (i) 該實體與本集團為相同集團的成員公司；
 - (ii) 一家實體為另一家實體（或另一家實體的母公司、附屬公司或同系附屬公司）的聯營公司或合營公司；
 - (iii) 該實體及本集團為相同第三方的合營公司；
 - (iv) 一家實體為第三方實體的合營公司而另一家實體為該第三方實體的聯營公司；
 - (v) 該實體為本集團或與本集團有關連實體的僱員福利的退休後福利計劃；
 - (vi) 該實體受(a)所指人士控制或共同控制；
 - (vii) (a)(i)所指人士對該實體有重大影響力或為該實體（或該實體母公司）主要管理人員的成員；及
 - (viii) 該實體或其所屬集團的任何成員公司向本集團或本集團母公司提供主要管理人員服務。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	Over the shorter of lease terms and 20 years
Leasehold improvements	Over the shorter of lease terms and 5 years
Hotel properties	Over the shorter of lease terms and 20 years
Furniture, fixtures and office equipment	2 to 5 years
Motor vehicles	2 to 5 years
Yacht	20 years

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.

2.4 主要會計政策概要 (續)

物業、廠房及設備與折舊

物業、廠房及設備（在建工程除外）按成本減累計折舊及任何減值虧損列賬。物業、廠房及設備項目成本包括其購買價及使資產處於擬定用途的運作狀況及地點而產生的任何直接應佔成本。物業、廠房及設備項目投入運作後產生的支出（例如維修及保養），一般於其產生期間自損益表扣除。倘確認條件已達成，主要檢查的支出作為重置費而於資產賬面值撥充資本。倘物業、廠房及設備的重大部分須不時置換，本集團將有關部分確認為具特定使用年期的個別資產，並對該等資產相應作折舊。

折舊以直線法計算，按每項物業、廠房及設備項目的估計可使用年期撇銷其成本至其剩餘價值。就此而採用的主要年率如下：

樓宇	按租期與20年兩者中較短者
租賃物業裝修	按租期與5年兩者中較短者
酒店物業	按租期與20年兩者中較短者
傢俬、裝置及辦公室設備	2至5年
汽車	2至5年
遊艇	20年

倘一項物業、廠房及設備項目各部分的可使用年期並不相同，該項目的成本將按合理基礎分配至各部分，而各部分分開作折舊。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

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 hotel property and an office property under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset (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.

2.4 主要會計政策概要 (續)

物業、廠房及設備與折舊 (續)

剩餘價值、可使用年期及折舊方法至少於各財政年度結束時進行檢討，並在適當情況下作出調整。

一項物業、廠房及設備項目（包括初步確認的任何重大部分）於出售時或預計其使用或出售不再產生未來經濟利益時，將不再確認。於不再確認資產年度的損益表確認的出售或報廢之任何損益為有關資產的出售所得款項淨額與賬面值的差額。

在建工程指在建酒店物業及辦公物業，其以成本減任何減值虧損列賬且不作折舊。成本包括建設期間的直接建設成本及有關借款資金的資本化借貸成本。當竣工及可供使用時，在建工程重新分類至適當類別的物業、廠房及設備。

投資物業

投資物業為持作賺取租金收入及／或用作資本增值的於土地及樓宇的權益（包括持作使用權資產的租賃物業（2018年：經營租賃項下的租賃物業）），而非用作生產或提供商品或服務或作行政用途；或於日常業務過程中銷售。該等物業初步以成本（包括交易成本）計量。於初步確認後，投資物業乃按反映報告期間結束時的市場狀況的公允值列賬。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the period 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 period of the retirement or disposal.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in the statement of profit or loss.

For a transfer from inventories to investment properties, any difference between the fair value of the property at the date of change in use and its then carrying amount is recognised in the statement of profit or loss.

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.

2.4 主要會計政策概要 (續)

投資物業 (續)

未來用作投資物業之在建或開發中物業分類為在建投資物業。倘無法可靠釐定公允值，則在建投資物業將以成本計量，直至公允值可釐定或建設項目已竣工為止。

投資物業公允值變動產生的收益或虧損計入產生期間的損益表。

報廢或出售投資物業的任何收益或虧損於報廢或出售期間的損益表確認。

當本集團完成自建投資物業的建設或開發時，該物業於竣工日期的公允值與其先前賬面值之間的任何差額於損益表確認。

倘存貨轉撥為投資物業，該物業於更改用途當日的公允值與其當時的賬面值之間的任何差額於損益表確認。

租賃 (自2019年1月1日起適用)

本集團於合約開始時評估合約是否租賃或包含租賃。倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約是租賃或包含租賃。

本集團作為承租人

本集團就所有租賃應用單一確認及計量方法，惟短期租賃及低價值資產租賃除外。本集團確認作出租賃付款的租賃負債及代表使用相關資產權利的使用權資產。

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. 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	Over the lease terms
Hotel properties	Over the lease terms

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 (自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

使用權資產於租賃開始日期 (即相關資產可供使用之日) 確認。使用權資產按成本減任何累計折舊及任何減值虧損計量, 並就租賃負債的任何重新計量作出調整。使用權資產的成本包括已確認租賃負債的金額、已產生的初始直接成本及於開始日期或之前作出的租賃付款, 扣減任何已收租賃優惠。使用權資產按直線法於資產的租期與估計可使用年期兩者中的較短者折舊, 詳情如下:

租賃土地	按租期
酒店物業	按租期

倘於租期結束時租賃資產的擁有權轉移予本集團或成本反映行使購買權, 則折舊採用資產的估計可使用年期計算。

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有關「存貨」的政策按成本與可變現淨值兩者中的較低者計量。當使用權資產符合投資物業的定義時, 則計入投資物業內。相應的使用權資產初步按成本計量, 其後根據本集團有關「投資物業」的政策按公允值計量。

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 (自2019年1月1日起適用)

(續)

本集團作為承租人 (續)

(b) 租賃負債

租賃負債乃於租賃開始日期按租期內將作出的租賃付款的現值確認。租賃付款包括定額付款(含實質定額款項)減任何租賃優惠應收款項、取決於指數或利率的可變租賃付款以及預期根據剩餘價值擔保支付的金額。租賃付款亦包括本集團合理確定將行使的購買選擇權的行使價及(倘租期反映本集團行使終止租賃選擇權)有關終止租賃的罰款。不取決於指數或利率的可變租賃付款在出現觸發付款的事件或條件的期間內確認為開支。

於計算租賃付款的現值時，由於租賃內含的利率並不容易確定，本集團使用其於租賃開始日期的增量借款利率計算。於開始日期後，租賃負債金額會作調增以反映利息的增長及就作出的租賃付款作調減。此外，倘出現租期的修改、變動、租賃付款的變動(例如由指數或利率變動引起的未來租賃付款變動)或對購買相關資產的選擇權的評估變動，則會重新計量租賃負債的賬面值。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019)

(Continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss 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 (自2019年1月1日起適用)

(續)

本集團作為出租人

倘本集團作為出租人行事時，其於租賃開始時（或倘出現租賃修改時）將各租賃分類為經營租賃及融資租賃。

所有本集團並未轉讓資產所有權所附帶的絕大部分風險及回報的租賃歸類為經營租賃。倘合約包括租賃及非租賃部分時，則本集團按相對獨立售價基準將合約中的代價分配至各個部分。由於其經營性質，租金收入於租期內會按直線法列賬並計入損益表之收入。於磋商及安排經營租賃時產生的初始直接成本乃計入租賃資產的賬面值，並於租期內按相同方法確認為租金收入。或然租金乃於所賺取的期間內確認為收益。

轉移相關資產所有權所附帶的絕大部分風險及回報至承租人之租賃作為融資租賃入賬。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable before 1 January 2019)

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.

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.

Land held for development for sale

The land held for future development represents parcels of land owned by the Group for the purpose of development of properties for sale. The land is initially stated at cost less any impairment losses and is not depreciated. It is transferred to properties under development upon commencement of the related construction work in the property development project.

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 and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to properties held for sale.

2.4 主要會計政策概要 (續)

租賃 (於2019年1月1日之前適用)

轉移資產所有權的絕大部分回報及風險仍歸出租人所有的租賃列為經營租賃。若本集團為出租人，由本集團按經營租賃租出的資產列入非流動資產，而根據經營租賃應收的租金於租期內以直線法計入損益表。若本集團為承租人，根據經營租賃的應付租金（扣除出租人給予的任何優惠）於租期內以直線法從損益表內扣除。

經營租賃下的預付土地租金初步以成本列賬，隨後於租期內以直線法確認。倘租賃付款無法於土地及樓宇成分之間可靠分配，全部租賃付款乃列入土地及樓宇的成本，作為物業、廠房及設備的融資租賃。

持作開發銷售用途的土地

持作日後開發的土地指本集團擁有用作開發作銷售用途物業的地塊。該土地初步按成本減任何減值虧損列賬且不予折舊。於物業開發項目中的相關建設工程動工時，其將被轉撥至在建物業。

在建物業

在建物業擬於竣工後持作銷售。

在建物業按成本及可變現淨值兩者的較低者列賬，包括土地成本、建設成本、借貸成本、專業費用及其他可直接計入該等物業於開發期間產生的成本。

在建物業分類為流動資產，惟預期有關物業開發項目的建設期將超過通常經營週期者除外。竣工後，物業轉撥為持作銷售用途的物業。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

Cost of properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on the prevailing market conditions.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, 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 HKFRS 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, 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)

持作銷售用途的物業

持作銷售用途的物業乃按成本及可變現淨值兩者中的較低者列賬。

持作銷售用途的物業的成本乃以分配予未售物業的土地及樓宇成本總額予以釐定。

可變現淨值乃參照一般業務過程已售物業的銷售所得款項減適用可變銷售開支釐定，或參照管理層基於現行市況的估計釐定。

投資及其他金融資產

初步確認及計量

金融資產於初步確認時分類為其後按攤銷成本及按公允值計入損益計量。

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性及本集團管理該等資產的業務模式。除不含有重大融資部分或本集團已應用不調整重大融資部分之影響的實務情況之貿易應收款項外，本集團初步按公允值加上（如屬並非按公允值計入損益的金融資產）交易成本計量金融資產。不含有重大融資部分或本集團已應用實務情況之貿易應收款項乃根據下文「收入確認」所載政策，按根據香港財務報告準則第15號釐定之交易價格計量。

為按攤銷成本分類及計量金融資產，該金融資產需要產生純粹為支付本金及尚未清償本金額之利息（「SPPI」）的現金流量。現金流量並非SPPI的金融資產，乃按公允值計入損益分類及計量（不論其業務模式）。

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 purchase 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:

(a) *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) *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 profit or loss.

2.4 主要會計政策概要 (續)

投資及其他金融資產 (續)

初步確認及計量 (續)

本集團管理金融資產的業務模式指如何管理金融資產以產生現金流量。業務模式釐定現金流量是否會自收取合約現金流量、出售金融資產或兩者產生。按攤銷成本分類及計量之金融資產乃於持有金融資產為目的的業務模式內持有，旨在收取合約現金流量，而按公允值計入其他全面收益分類及計量之金融資產於持有金融資產為目的的業務模式內持有，旨在收取合約現金流量及出售。並未於上述業務模式內持有之金融資產按公允值計入損益分類及計量。

所有一般金融資產買賣概於交易日（即本集團承諾購買或出售該資產當日）予以確認。一般買賣乃指按照一般市場規定或慣例在一定期間內交付資產的金融資產買賣。

後續計量

金融資產按分類進行後續計量，分類如下：

(a) *按攤銷成本計量之金融資產（債務工具）*

按攤銷成本計量之金融資產其後採用實際利率法計量及須作出減值測試。收益及虧損於資產不再確認、修訂或減值時於損益內確認。

(b) *按公允值計入損益的金融資產*

按公允值計入損益的金融資產按公允值於財務狀況表列賬，公允值變動淨額則於損益內確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets

(Continued)

Subsequent measurement (Continued)

(b) *Financial assets at fair value through profit or loss (Continued)*

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 profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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)

(b) 按公允值計入損益的金融資產 (續)

此類別包括本集團並未不可撤銷地選擇按公允值計入其他全面收益計量之方式分類的衍生工具及股權投資。倘已確立支付權，則分類為按公允值計入損益之金融資產股權投資的股息亦在損益內確認為其他收入，本集團將很有可能獲得與股息相關的經濟利益並能夠可靠地計算股息金額。

附屬於具有金融負債或非金融主合同之混合合同的衍生工具獨立於主合同，並在下列情況下入賬列作獨立衍生工具：與主合同在經濟特徵及風險方面不存在密切關係；與嵌入式衍生工具條款相同，單獨存在的工具符合衍生工具定義；及混合合同並非以公允值計入損益計量。嵌入式衍生工具按公允值計量，且公允值變動於損益表內確認。倘合約條款變動大幅改變可能另行需要的現金流量或將金融資產自按公允值計入損益類別重新分類至其他類別時，方會重新評估。

附屬於混合合同（包含金融資產主合同）的衍生工具並非單獨入賬。金融資產主合同連同嵌入式衍生工具須全部分類為按公允值計入損益之金融資產。

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 the consideration that the Group could be required to repay.

2.4 主要會計政策概要 (續)

不再確認金融資產

金融資產(或一項金融資產的一部分或一組同類金融資產的一部分(倘適用))主要在下列情況下不再確認(即自本集團的綜合財務狀況表內剔除):

- 收取該項資產所得現金流量的權利已屆滿, 或
- 本集團已轉讓自資產收取現金流量的權利, 或須根據一項「轉付」安排, 在未有嚴重延誤的情況下全數承擔向第三方支付所收取現金流量的責任; 且本集團(a)已轉讓資產的絕大部分風險及回報, 或(b)並無轉讓或保留資產的絕大部分風險及回報, 但已轉讓資產的控制權。

倘本集團已轉讓其自一項資產收取現金流量的權利或訂立一項轉付安排, 則其評估是否保留該資產的所有權風險及回報以及有關程度。當並無轉讓或保留該資產的絕大部分風險及回報, 亦無轉讓該資產的控制權時, 則本集團將按其持續參與的程度繼續確認已轉讓資產。在此情況下, 本集團亦確認相關負債。已轉讓資產及相關負債乃以反映本集團已保留的權利及責任的基準計量。

以已轉讓資產擔保方式的持續參與按資產原賬面金額與本集團可能被要求償還的最高代價之間的較低者計量。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when 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

本集團就並非按公允值計入損益持有的所有債務工具確認預期信貸損失(「預期信貸損失」)撥備。預期信貸損失乃基於根據合約到期的合約現金流量與本集團預期收取並按初始實際利率的概約利率折現的所有現金流量之間的差額釐定。預期現金流量將包括出售所持抵押品或合約條款所包含的其他信貸升級措施所得的現金流量。

一般方法

預期信貸損失分兩個階段確認。就初步確認以來信貸風險並無大幅增加的信貸敞口而言，會為未來12個月可能發生的違約事件所產生的信貸損失(12個月預期信貸損失)計提預期信貸損失撥備。就初步確認以來信貸風險大幅增加的信貸敞口而言，須就預期於敞口的剩餘年期產生的信貸損失計提減值撥備，不論違約時間(全期預期信貸損失)。

於各報告日期，本集團評估金融工具的信貸風險自初步確認以來是否顯著增加。作出評估時，本集團將金融工具於報告日期的違約風險與初步確認時的違約風險進行比較，並考慮無需付出過多成本及努力即可獲得的合理可靠資料，包括歷史及前瞻性資料。

倘內部或外部資料反映，在未計及本集團所持任何信貸升級前，本集團不大可能悉數收到未償還合約款項，則本集團認為金融資產違約。倘無法合理預期收回合約現金流量，則撇銷金融資產。

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 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
- 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.

2.4 主要會計政策概要 (續)

金融資產減值 (續)

一般方法 (續)

按攤銷成本計量的金融資產須按一般方法減值，除貿易應收款項及合約資產應用下文詳述的簡化方法外，金融資產按以下級別分類用於計量預期信貸損失。

- 第一級 – 金融工具的信貨風險自初步確認以來並未顯著增加，且其虧損撥備按12個月預期信貸損失等額計量
- 第二級 – 金融工具的信貨風險自初步確認以來顯著增加，但並非信貸減值金融資產，且其虧損撥備按全期預期信貸損失等額計量
- 第三級 – 於報告日期出現信貸減值的金融資產（但並非購入或承辦信貸減值），且其虧損撥備按全期預期信貸損失等額計量

簡化方法

對於不含有重大融資部分或本集團已應用不調整重大融資部分之影響的實務情況之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損失。根據簡化方法，本集團並無追蹤信貸風險變動，但於各報告日期根據全期預期信貸損失確認減值撥備。本集團已根據其歷史信貸損失經驗，建立撥備矩陣，並就債務人及經濟環境的特定前瞻性因素作出調整。

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 payables, other payables and accruals, senior notes, and interest-bearing bank and other borrowings.

Subsequent measurement

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

(a) *Financial liabilities at amortised cost (loans and borrowings)*

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest 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

初步確認及計量

金融負債於初步確認時分類為按公允值計入損益的金融負債、貸款及借款、應付款項，或指定為有效對沖中對沖工具的衍生工具（視情況而定）。

所有金融負債初步按公允值確認，而如屬貸款及借款、以及應付款項，則扣除直接應佔交易成本。

本集團的金融負債包括貿易應付款項、其他應付款項及應計費用、優先票據以及計息銀行及其他借貸。

後續計量

金融負債的後續計量根據其分類進行，而其分類如下：

(a) *按攤銷成本列賬的金融負債（貸款及借款）*

於初步確認後，計息銀行及其他借貸其後以實際利率法按攤銷成本計量，若折現的影響並不重大，則按成本列賬。當不再確認負債時及在以實際利率法進行攤銷過程中，盈虧會在損益表確認。

攤銷成本於計及於購入時的任何折讓或溢價及屬實際利率不可或缺一部分的費用或成本後計算。實際利率攤銷計入損益表的融資成本內。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

(b) 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)

(b) 財務擔保合約

本集團發出的財務擔保合約指該等要求本集團將須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支付到期款項而遭受損失的合約。財務擔保合約初步按公允值確認為負債，並就發出擔保直接應佔交易成本作出調整。於初步確認後，本集團按照：(i)根據「金融資產減值」所載政策釐定的預期信貸損失撥備；及(ii)初步確認的數額減（如適用）已確認收入之累計數額（以較高者為準），計算財務擔保合約。

終止確認金融負債

當負債責任已解除、註銷或屆滿，則終止確認金融負債。

倘一項現有金融負債由同一貸款人貸出另一項條款存在重大區別的金融負債所取代，或現有負債的條款作出重大修改，則該項置換或修改按終止確認原有負債並確認新負債處理，而兩者的賬面值差額於損益表確認。

抵銷金融工具

倘目前存在法律上可強制執行的權利抵銷確認金額及計劃以淨額結算，或同時變賣資產及清償負債，金融資產及金融負債互相抵銷，並於財務狀況表內以淨額列示。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative financial instruments

Initial recognition and subsequent measurement

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.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

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.

Senior perpetual securities

Senior perpetual securities with no contractual obligation to repay the principal or to pay any distribution are classified as part of equity.

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.

2.4 主要會計政策概要 (續)

衍生金融工具

初步確認及後續計量

衍生金融工具初步按訂立衍生工具合約當日的公允值確認入賬，其後按公允值重新計算。衍生工具於公允值為正數時列作資產，而於公允值為負數時則列作負債。

衍生工具公允值變動而產生的任何盈虧均直接計入損益表。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款以及高流通性短期投資（即可隨時兌換為定額現金、價值變動風險不大及期限較短（一般不超過購買後三個月）的投資），減去須於催繳時立刻償還、作為本集團現金管理操作一部分的銀行透支。

就綜合財務狀況表而言，現金及現金等價物包括手頭現金及銀行存款，包括用途不受限制的定期存款及性質與現金相似的資產。

高級永續證券

並無合約責任償還其本金或支付任何分派之高級永續證券分類為權益之一部分。

撥備

撥備乃於過往事件已導致產生現時責任（法律或推定）及日後可能需要流出資源以履行責任時予以確認，惟必須能可靠地估計責任的款額。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions (Continued)

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.

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.

2.4 主要會計政策概要 (續)

撥備 (續)

若折現影響重大，確認的撥備金額應為預期履行責任所需未來開支於報告期間結束時的現值。若折現現值隨時間而增加，則增加金額在損益表中列為融資成本。

所得稅

所得稅包括本期稅項及遞延稅項。有關於損益以外確認的項目的所得稅於損益以外確認，即於其他全面收益或直接於權益內確認。

本期稅項資產及負債，經計及本集團營運所在國家的現行解釋及慣例，根據於報告期間結束時已頒佈或實質已頒佈的稅率（及稅務法例）按預期將從稅務局收回或將支付予稅務局的金額計量。

根據於報告期間結束時，資產及負債的稅基與其於財務報告中的賬面金額之間的所有暫時性差額，以負債法計提遞延稅項撥備。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

- when the deferred tax liability arises from goodwill or 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 taxable temporary differences associated with interests in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are 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 interests in subsidiaries 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.

2.4 主要會計政策概要 (續)

所得稅 (續)

就所有應課稅暫時性差額確認遞延稅項負債，惟：

- 因商譽或初步確認一項交易（非業務合併）中的資產或負債所產生並於交易時對會計利潤或應課稅利潤或虧損不構成影響的遞延稅項負債除外；及
- 有關於附屬公司及合營公司權益的應課稅暫時性差額（其中撥回暫時性差額的時間可受控制，而暫時性差額於可預見的將來可能不會撥回）除外。

就所有可扣減暫時性差額、以及未動用稅項備抵及任何未動用稅務虧損結轉確認遞延稅項資產。遞延稅項資產僅以可能有應課稅利潤抵銷可扣減暫時性差額及可動用未動用稅項抵免與未動用稅項虧損的結轉為限確認，惟下列情況除外：

- 由初步確認一項交易（非業務合併）中的資產或負債所產生並於交易時對會計利潤或應課稅利潤或虧損不構成影響的有關可扣減暫時性差額的遞延稅項資產；及
- 有關於附屬公司及合營公司權益的可扣減暫時性差額，只限於暫時性差額將於可預見未來撥回及應有應課稅利潤可供動用暫時性差額時，方會確認遞延稅項資產。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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)

遞延稅項資產的賬面金額於各報告期間結束時予以審閱，並扣減至當不再可能有足夠應課稅利潤讓所有或部分遞延稅項資產被動用時為止。於各報告期間結束時對未被確認的遞延稅項資產進行重估，當可能有足夠應課稅利潤讓所有或部分遞延稅項資產被收回時，則會予以確認。

遞延稅項資產及負債根據於報告期間結束時已頒佈或實質已頒佈的稅率（及稅務法例），按預期適用於資產變現或負債清還期間的稅率計算。

當及僅當本集團存在法律上可強制執行的權利以抵銷即期稅項資產與即期稅項負債，而遞延稅項資產及遞延稅項負債乃由同一稅務機關向同一應課稅實體徵收，或就不同應課稅實體徵收，而有意在日後預期清償或收回大額遞延稅項負債及資產之每段期間內，按淨額基準清償即期稅項負債與資產或同時變現資產及清償負債，方會抵銷遞延稅項資產與遞延稅項負債。

收入確認

客戶合約收益

於貨物或服務的控制權按反映本集團預期就交換該等貨物或服務有權收取的代價的金額轉讓予客戶時確認客戶合約收益。

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 HKFRS 15.

2.4 主要會計政策概要 (續)

收入確認 (續)

客戶合約收益 (續)

當合約代價包含可變金額時，代價金額估計為本集團就向客戶轉讓貨物或服務而有權換取的數額。可變代價於合約開始時估計並受到約束，直至其後消除關乎可變代價的不確定因素，使已確認累計收入金額不大可能發生重大收入撥回。

倘合約包含就向客戶轉讓貨物或服務為客戶提供超過一年的重大融資利益的融資部分，則收入按應收款項的現值計量，並使用本集團與客戶於合約開始時單獨融資交易中反映的折現率貼現。倘合約包含為本集團提供超過一年的重大融資利益的融資部分，則根據該合約確認的收入包括按實際利率法計算的合約負債所產生的利息開支。就客戶付款與承諾貨物或服務轉移期間為一年或一年以下的合約而言，採納香港財務報告準則第15號中實務情況後交易價格不會因重大融資成分的影響而調整。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Sales of properties

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

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer 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 customer 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, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

2.4 主要會計政策概要 (續)

收入確認 (續)

客戶合約收益 (續)

(a) 物業銷售

收入於資產控制權轉讓予客戶時確認。視乎合約條款及適用於合約的法律，資產控制權可經過一段時間或於某一時間點轉移。倘本集團在履約過程中滿足下列條件，資產之控制權將經過一段時間轉移：

- 提供全部利益，而客戶亦同步收到並消耗有關利益；或
- 創建並提升本集團履約時客戶所控制之資產；或
- 並無創建對本集團而言有其他用途之資產，而本集團可強制執行其權利收回累計至今已完履約部分之款項。

倘資產之控制權經過一段時間轉移，收入將於整個合約期間參考已完成履約責任之進度確認。否則，收入於客戶獲得資產控制權之時間點確認。完成履約責任的進度的計量是基於本集團為完成履約責任而作出的努力或投入，並參考截至報告期間未產生的合約成本佔各項合約估計總成本的比例。

對於在某一時間點轉移物業控制權的物業發展及銷售合約，收入於客戶獲得實物所有權或已完工物業的法定所有權且本集團已獲得現時的付款請求權並很可能收回代價時確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(b) Provision of property management services and hotel services

Revenue from provision of property management services and hotel services are 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 recognized 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 to the net carrying amount of the financial asset.

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.

2.4 主要會計政策概要 (續)

收入確認 (續)

客戶合約收益 (續)

(b) 提供物業管理服務及酒店服務

由於客戶同時收取並消耗本集團提供的利益，故提供物業管理服務及酒店服務所得收入以直線法於指定期間確認。

其他來源的收益

租金收入於租期內按時間比例確認。可變租賃付款並不取決於會計期間產生的確認為收入的指數或比率。

其他收入

利息收入按累計基準採用於金融工具的預計年期將估計未來現金收入準確貼現至金融資產賬面淨額的利率，利用實際利率法確認。

合約資產

合約資產指就向客戶轉讓貨物或服務收取代價的權利。倘本集團於客戶支付代價或付款到期前通過向客戶轉讓貨物或服務履約，則就有條件賺取的代價確認合約資產。合約資產受限於減值評估，其詳情載入就金融資產減值的會計政策。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Costs to fulfil a contract

Other than the costs which are capitalised as properties under development and property and equipment, 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 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.

Costs of obtaining contracts

Incremental costs of obtaining a contract are 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 relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

2.4 主要會計政策概要 (續)

合約負債

於本集團轉讓有關貨物或服務前自客戶已收付款或付款到期時(以較早者為準)確認合約負債。合約負債於本集團履行合約(即向客戶轉讓有關貨物或服務的控制權)時確認為收入。

合約成本

履約成本

除撥充資本的在建物業和物業及設備成本外,倘符合下列所有條件,則履行客戶合約應計成本資本化為資產:

- (a) 有關成本與實體可特定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)日後履行責任之資源得以產生或有所增加。
- (c) 預期有關成本可收回。

資本化合約成本按系統性基準(與資產相關收入確認形式一致)於損益攤銷及扣除。其他合約成本於產生時列為開支。

取得合約之成本

取得合約之增量成本指本集團就取得客戶合約而產生但在未取得合約的情況下不會產生的成本(例如銷售代理佣金)。倘取得合約之增量成本與將於未來報告期間確認的收入有關且預期可收回有關成本,則於產生時將有關成本資本化。取得合約之其他成本於產生時列為開支。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 34 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 in employee benefit expense. 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.

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.

2.4 主要會計政策概要 (續)

以股份為基礎付款

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）按以股份為基礎付款形式收取酬金，而僱員則提供服務作為權益工具之代價（「權益結算交易」）。

與僱員權益結算交易之成本乃參考授出當日之公允值計量。公允值由外部估值師利用二項式模型釐定，有關進一步詳情載於財務報表附註34。

權益結算交易之成本在績效及／或服務條件達成之期間，連同權益之相應升幅一併於僱員福利開支確認。就權益結算交易於各報告期間結束時至歸屬日期間確認之累計開支，反映歸屬期屆滿之程度以及本集團就最終歸屬之權益工具數目之最佳估計。期內在損益表扣除或計入之金額，指於該期間期初及期終所確認之累計開支變動。

釐定獎勵獲授當日之公允值時，並不計及服務及非市場績效條件，惟在有可能符合條件的情況下，則評估為本集團對最終將會歸屬權益工具數目最佳估計之一部分。市場績效條件反映於獎勵獲授當日之公允值。獎勵之任何其他附帶條件（但不帶有服務要求）視作非歸屬條件。非歸屬條件反映於獎勵之公允值，除非同時具服務及／或績效條件，否則獎勵即時支銷。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

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.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 主要會計政策概要 (續)

以股份為基礎付款 (續)

因非市場績效及／或服務條件未能達成而最終無歸屬之獎勵並不確認為支出。凡獎勵包含市場或非歸屬條件，無論市場條件或非歸屬條件獲履行與否，而所有其他績效及／或服務條件均獲履行，則交易仍被視為一項歸屬。

倘權益結算獎勵之條款被修訂，如原獎勵條款獲履行，則確認最低開支，猶如條款未被修改。此外，如於修訂日期計算，修訂是增加以股份為基礎付款之公允值總額，或對僱員有利，則任何修訂將確認開支。

倘權益結算獎勵被註銷，則被視為已於註銷日期歸屬，而未就獎勵確認之任何開支則即時確認。這包括未能履行在本集團或僱員控制範圍以內之非歸屬條件之任何獎勵。然而，倘被註銷獎勵被新獎勵所取代，且新獎勵於授出日被指定為替代獎勵，則所註銷及新獎勵按猶如其為前段所述修訂原獎勵處理。

於計算每股盈利時，尚未行使之購股權之攤薄影響反映為額外股份攤薄。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other employee benefits

Pension schemes

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 subsidiaries, joint ventures and associates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries, joint ventures and associates are required to contribute certain percentages of their 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)

其他僱員福利

退休金計劃

本集團根據強制性公積金計劃條例為合資格參與界定供款強制性公積金退休福利計劃(「強積金計劃」)的僱員推行強積金計劃。供款根據僱員基本薪金的百分比作出，並於供款根據強積金計劃的規則成為應付款項時於損益表中扣除。強積金計劃的資產獨立於本集團的資產，並於獨立管理基金中持有。本集團僱主的供款於向強積金計劃作出供款時全數歸屬於僱員。

本集團於中國大陸成立的附屬公司、合營公司及聯營公司的僱員須參與由地方市政府營辦的中央退休金計劃。該等附屬公司、合營公司及聯營公司須按其僱員基本薪金的若干百分比向該中央退休金計劃作出供款，並於供款根據中央退休金計劃的規則成為應付款項時於損益表中扣除。

借貸成本

直接歸屬於收購、建築或生產合資格資產(即必須長時間預備作擬定用途或銷售的資產)的借貸成本乃資本化為該等資產的部分成本。當此等資產幾近全部完成可作其擬定用途或銷售之時，該等借貸成本將停止資本化。特定用於合資格資產的借貸在其尚未支銷時用作暫時性投資所賺取的投資收入，乃於已資本化的借貸成本扣除。所有其他借貸成本於其產生期間支銷。借貸成本包括實體就借入資金所產生的利息及其他成本。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Dividends

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.

Final dividends are recognised as a liability when they have been approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 11 to the financial statements.

Foreign currencies

These financial statements are presented in RMB. The Company's functional currency is Hong Kong dollars. In the opinion of the directors, as the Group's operations are mainly in the PRC, the use of RMB as the presentation currency is more appropriate for the presentation of the Group's results and financial position.

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 retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising from 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)

股息

由於本公司的組織章程大綱及細則授予董事宣派中期股息的權力，故中期股息乃同時建議及宣派。因此，中期股息於建議及宣派時即時被確認為負債。

末期股息於股東大會上獲股東批准時確認為負債。建議末期股息披露於財務報表附註11。

外幣

此等財務報表以人民幣呈列。本公司的功能貨幣為港幣。董事認為，由於本集團的業務主要位於中國，採用人民幣為呈列貨幣，對於呈列本集團的業績及財務狀況更為合適。

本集團的各個實體自行決定其功能貨幣，而納入各實體財務報表的項目則用該功能貨幣計量。本集團實體所記錄的外幣交易初步按交易日其各自的功能貨幣匯率換算入賬。於報告期間結束時以外幣計值的貨幣資產及負債，按有關功能貨幣的適用匯率重新換算。貨幣項目結算或換算產生之差額於損益表確認。按歷史成本以外幣計量的非貨幣項目，均採用初始交易日的匯率換算。按公允值以外幣計量的非貨幣項目，採用計量公允值當日的匯率換算。換算按公允值計量的非貨幣項目而產生的收益或虧損，按確認該項目的公允值變動的收益或虧損一致的方法處理（即公允值收益或虧損於其他全面收益或損益確認的項目，其換算差額亦分別於其他全面收益或損益確認）。

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 the Company and certain overseas subsidiaries 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 the Company and 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)

釐定初步確認有關資產的匯率，以及釐定終止確認與預收預付代價有關的非貨幣資產或非貨幣負債的開支或收入匯率時，初始交易日為本集團初步確認預收預付代價產生的非貨幣資產或非貨幣負債的日期。倘存在多筆預付款或預收款項，本集團須釐定每筆預付或預收代價的交易日期。

本公司及若干海外附屬公司的功能貨幣為並非人民幣的幣種。於報告期間結束時，該等實體的資產及負債按報告期間結束時的適用匯率換算為人民幣，其損益表則按年內的加權平均匯率換算為人民幣。因此而產生的匯兌差額於其他全面收益內確認，並於外匯波動儲備累計。於出售境外業務時，與特定境外業務有關的其他全面收益部分於損益表確認。

就綜合現金流量表而言，海外附屬公司的現金流量按現金流量日期的適用匯率換算為人民幣。本公司及海外附屬公司於整個年度產生的經常性現金流量則按年內的加權平均匯率換算為人民幣。

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:

Determining the timing of satisfaction of contracts related to sales of properties

Revenue from sales of properties is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of the sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgements. Management uses judgements to classify sales contracts into those with enforceable right to payment and those without the enforceable right.

3. 重要會計判斷及估計

編製本集團的財務報表要求管理層作出會影響收入、開支、資產及負債呈報金額及其相關披露以及或然負債披露的判斷、估計及假設。該等假設及估計的不明朗因素可能導致須對於未來受影響的資產或負債的賬面金額作出重大調整。

判斷

於應用本集團的會計政策過程中，除涉及估計的判斷外，管理層作出以下對在財務報表中確認的數額有重大影響的判斷：

確定達成物業銷售相關合約的時間

物業銷售收入於本集團的履約行為並無創建對本集團而言有其他用途之資產且本集團擁有可強制執行權利可收回累計至今已完履約部分之款項時隨時間推移確認；否則，收入於買家獲得已竣工物業控制權之時間點確認。由於與客戶的合約限制，本集團不能更改或替換物業單位或重新指定物業單位用於其他用途，因此，有關物業單位對本集團而言並無其他用途。然而，有無可強制執行的收款權利視乎銷售合約的條款及適用於該合約的相關法律之詮釋而定。有關釐定須作出重大判斷。管理層通過判斷將銷售合約分類為有可強制執行收款權利及無可強制執行收款權利。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Determining the timing of satisfaction of contracts related to sales of properties (Continued)

For those sales contracts with enforceable right to payment, the Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each property unit in the contract. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can have effect on the Group's revenue recognised.

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. 重要會計判斷及估計 (續)

判斷 (續)

確定達成物業銷售相關合約的時間 (續)

對於具有可強制執行收款權利的銷售合約，本集團參考於報告日期已完成履約責任的進度隨時間推移確認物業發展收入。進度的計量是基於本集團為達成履約責任而作出的努力或投入，並參考截至報告期間結束時產生的合約成本佔合約各物業單位估計總成本的比例。釐定估計總成本的完整性及於報告日期完全達成履約責任的進度的準確性時須作出重大判斷及估計。未來期間成本估算變動可能對本集團已確認收入產生影響。

物業租賃分類 – 本集團作為出租人

本集團已就其投資物業組合訂立商用物業租約。根據對有關安排條款及條件的評估，如租期不構成商用物業經濟壽命的主要部分及最低租賃款項現值不等於商用物業的絕大部分公允值，本集團已釐定其保留該等物業所有權附帶的絕大部分風險及回報，並將有關合約以經營租賃入賬。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Judgements (Continued)

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. 重要會計判斷及估計 (續)

判斷 (續)

投資物業及業主自用物業的分類

本集團釐定物業是否符合列作投資物業的資格，並已制定作出該判斷的準則。投資物業為持作賺取租金或作為資本增值或兩者的物業。因此，本集團考慮物業是否可以大致上獨立於本集團所持有的其他資產而自行產生現金流。

部分物業包括一部分持作賺取租金或作為資本增值，而另一部分持作生產或供應商品或服務或行政用途。倘該等部分可分開出售或根據融資租賃分開出租，則本集團會將有關部分分開列賬。倘該等部分不可分開出售，則僅在物業小部分持作生產或供應商品或服務或行政用途的情況下方列作投資物業。

判斷乃按照個別物業基準作出，以釐定配套服務是否重要以致物業不符合投資物業資格。

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 in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention of 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 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 non-current assets if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties developed for sale are transferred to properties held for sale and are stated at cost, while the properties developed to earn rentals and/or for capital appreciation are transferred to investment properties and are subject to revaluation at each reporting date.

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax on investment properties, the directors have determined that the presumption set out in HKAS 12 *Income Taxes* that investment properties measured using the fair value model are recovered through sale is rebutted.

3. 重要會計判斷及估計 (續)

判斷 (續)

投資物業及持作銷售用途的物業的分類

本集團開發持作銷售用途的物業及持作賺取租金及／或資本增值用途的物業。由管理層判斷一項物業是否指定為投資物業或持作銷售用途的物業。本集團於某項物業開發初期考慮其持有相關物業的意向。倘物業擬於竣工後出售，於建設過程中，相關的在建物業乃入賬列作在建物業，計入流動資產。然而倘物業擬持作賺取租金及／或資本增值用途，有關物業則入賬列作在建投資物業，計入非流動資產。待物業竣工後，開發作銷售用途的物業乃轉撥至持作銷售用途的物業項下，並按成本列值，而開發作賺取租金及／或資本增值用途的物業乃轉撥至投資物業項下，並須於各報告日期重新估值。

有關投資物業的遞延稅項

就計量以公允值模型計量的投資物業產生的遞延稅項負債或遞延稅項資產而言，董事已審閱本集團的投資物業組合，並認為本集團的投資物業乃以通過時間的推移而非通過銷售消耗該投資物業所含絕大部分經濟利益為目標的商業模式持有。因此，於釐定本集團有關投資物業的遞延稅項時，董事確認，香港會計準則第12號*所得稅*所載的使用公允值模型計量投資物業透過銷售收回的假設已被推翻。

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.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2019 was RMB724,147,000 (2018: RMB1,133,070,000). Further details are given in note 16 to the financial statements.

Estimation of net realisable value of properties under development and properties held for sale

Properties under development and properties held for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information. The carrying amounts of properties under development and properties held for sale at 31 December 2019 were RMB25,054,430,000 (2018: RMB26,614,206,000) and RMB21,220,032,000 (2018: RMB13,051,659,000), respectively.

3. 重要會計判斷及估計 (續)

估計不明朗因素

以下為於報告期間結束時有關未來的主要假設及其他估計不明朗因素的主要來源，存在導致下一個財政年度內資產及負債賬面金額重大調整的重大風險。

商譽之減值

本集團最少每年一次釐定商譽有否減值，此須估計獲分配商譽之現金產生單位之使用價值。本集團估計使用價值，須估計現金產生單位之預期未來現金流量，以及須選出合適之折現率，以計算該等現金流量之現值。於2019年12月31日，商譽之賬面值為人民幣724,147,000元（2018年：人民幣1,133,070,000元）。進一步詳情載於財務報表附註16。

估計在建物業及持作銷售用途的物業的可變現淨值

在建物業及持作銷售用途的物業按成本與可變現淨值兩者中的較低者列賬。於各個開發期每個單位的成本乃以加權平均法釐定。估計可變現淨值乃指根據所得最佳資料估算的估計售價減銷售開支及估計竣工成本（如有）。於2019年12月31日，在建物業及持作銷售用途的物業之賬面值分別為人民幣25,054,430,000元（2018年：人民幣26,614,206,000元）及人民幣21,220,032,000元（2018年：人民幣13,051,659,000元）。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty (Continued)

Allocation of construction cost on properties under development

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 metre sold during the year multiplied by the average cost per square metre of that particular phase of the project. The carrying amount of properties under development at 31 December 2019 was RMB25,054,430,000 (2018: RMB26,614,206,000).

PRC corporate income tax ("CIT")

The Group is subject to CIT in the PRC. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimates and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. 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. The carrying amount of corporate income tax payables at 31 December 2019 was RMB2,819,745,000 (2018: RMB2,552,345,000).

3. 重要會計判斷及估計 (續)

估計不明朗因素 (續)

在建物業的建築成本分攤

於開發物業時，本集團一般會將開發項目分期開發。一個開發期的直接相關成本會作為該期的成本入賬。每期的共同成本會按每期的可銷售建築面積佔整個項目的可銷售建築面積總數的百分比，分攤至每期。售出單位成本按年內售出的平方米建築面積乘以該期項目的每平方米平均成本而釐定。於2019年12月31日，在建物業之賬面值為人民幣25,054,430,000元（2018年：人民幣26,614,206,000元）。

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。由於有關所得稅的若干事宜尚未被地方稅務局確認，於釐定所得稅撥備時要以目前頒佈的稅務法律、法規及其他相關政策作為基準作出客觀估計及判斷。倘該等事宜的最終稅款數額有別於原本記錄的數額，差額會在其變現的期間影響所得稅及稅項撥備。於2019年12月31日，應付企業所得稅之賬面值為人民幣2,819,745,000元（2018年：人民幣2,552,345,000元）。

31 December 2019 2019年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will have impact on the land appreciation tax expense and the related provision in the period in which the differences realise. The carrying amount of provision for land appreciation tax at 31 December 2019 was RMB2,228,566,000 (2018: RMB1,962,590,000).

Deferred tax assets

Deferred tax assets are recognised for provision of land appreciation tax, fair value adjustments from acquisition of subsidiaries and tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax assets at 31 December 2019 was RMB907,607,000 (2018: RMB742,157,000).

3. 重要會計判斷及估計 (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。土地增值稅的撥備是管理層根據對有關中國稅務法律及法規所載的要求的理解，作出的最佳估計。實際土地增值稅負債須於物業開發項目完成後由稅務局釐定。本集團尚未與稅務局就若干物業開發項目敲定其土地增值稅的計算方法及付款。最終結果可能有別於初步記錄的數額，而任何差額會在其變現的期間影響土地增值稅開支及相關撥備。於2019年12月31日，土地增值稅撥備之賬面值為人民幣2,228,566,000元（2018年：人民幣1,962,590,000元）。

遞延稅項資產

僅在很可能取得應課稅利潤作抵銷可抵扣暫時性差額的情況下，方會確認土地增值稅、收購附屬公司產生之公允值調整及稅項虧損撥備相關的遞延稅項資產。在釐定可予確認的遞延稅項資產款項時，須根據可能的時間、未來應課稅利潤的水準連同未來稅項計劃策略，作出重要的管理層判斷。於2019年12月31日，遞延稅項資產之賬面值為人民幣907,607,000元（2018年：人民幣742,157,000元）。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Fair value of investment properties

Investment properties including completed investment properties and investment properties under construction are revalued at the end of the reporting period on a market value, existing use basis by independent professionally qualified 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, information from current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the reporting date are used. The valuations of investment properties under construction were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan. Further details are given in note 14 to the financial statements.

Purchase price allocations of acquisition of subsidiaries through business combination

As further detailed in note 38(b) to the financial statements, the Group acquired a number of entities engaging in property development during the year ended 31 December 2019. The Group engaged an independent external valuer to perform the valuation of the identifiable assets acquired and liabilities assumed of subsidiaries acquired. The accounting for business combinations, which were accounted for using the acquisition method, relied on a significant amount of management estimation and judgements in respect of fair value measurement and allocation of the purchase price.

3. 重要會計判斷及估計 (續)

估計不明朗因素 (續)

投資物業的公允值

投資物業包括已竣工投資物業及在建投資物業，乃由獨立專業合資格估值師於報告期間末時按市值、現有用途基準重估。該等估值以若干假設為基準，受不確定因素影響，可能與實際結果有重大差異。於作出估計時，會考慮類似物業於活躍市場的現時價格的資料，並使用主要以報告日期當時的市況為基準的假設。在建投資物業的估值基於餘值法，並考慮已支出建設成本及為完成開發將支出的成本以反映已竣工開發項目的品質，依據是該等物業將按本集團的最新開發計劃開發及完成。進一步詳情載於財務報表附註14。

通過業務合併收購附屬公司之收購價分配

根據財務報表附註38(b)所載詳情，本集團截至2019年12月31日止年度收購參與物業開發的多個實體。本集團委聘獨立外部估值師對已收購可識別資產及已收購附屬公司所承擔負債進行估值。使用收購法入賬之業務合併的會計處理依賴管理層就公允值計量及收購價分配作出的大量估計及判斷。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- (a) the property development segment engages in the development and sale of properties;
- (b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;
- (c) the property management segment engages in the provision of property management services;
- (d) the hotel operation segment engages in the operation of hotels; and
- (e) the others segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources 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/(loss) before tax except that interest income and finance costs are excluded from such measurement. Segment assets and liabilities are not reported to the Group's chief operating decision maker regularly.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. 經營分部資料

就管理而言，本集團乃以其產品及服務為基準，分為若干業務單位，且所擁有的五個可報告經營分部如下：

- (a) 物業開發分部從事物業開發及銷售；
- (b) 物業投資分部就物業的租金收入潛力及／或資本增值作出投資；
- (c) 物業管理分部提供物業管理服務；
- (d) 酒店經營分部從事酒店經營；及
- (e) 其他分部包括企業收入及支出項目。

管理層分別監測本集團經營分部的業績，旨在就資源分配及表現評估作出決策。分部表現按可報告分部的利潤／（虧損）作出評估，即經調整除稅前利潤／（虧損）的計量。經調整除稅前利潤／（虧損）的計量與本集團的除稅前利潤／（虧損）一致，惟利息收入及融資成本均不計入有關計量。分部資產及負債並非定期向本集團首席營運決策人報告。

分部間銷售及轉讓乃參考當時現行市價向第三方作出銷售的售價進行交易。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

4. OPERATING SEGMENT INFORMATION
(Continued)

Year ended 31 December 2019

4. 經營分部資料 (續)

截至2019年12月31日止年度

		Property development 物業開發 RMB'000 人民幣千元	Property investment 物業投資 RMB'000 人民幣千元	Property management 物業管理 RMB'000 人民幣千元	Hotel operation 酒店經營 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Segment revenue (note 5)	分部收入 (附註5)						
Sales to external customers	向外部客戶作出的銷售額	22,470,173	305,138	447,673	17,721	-	23,240,705
Other income and gains	其他收入及收益	1,756,381	241	6,109	219	19,257	1,782,207
Total	總額	24,226,554	305,379	453,782	17,940	19,257	25,022,912
Segment results	分部業績	5,950,561	592,428	(3,685)	(13,755)	53,816	6,579,365
<i>Reconciliation:</i>	<i>對賬:</i>						
Interest income	利息收入						385,481
Finance costs – interest expenses	融資成本—利息支出						(181,601)
Finance costs – loss on early redemption of senior notes	融資成本—提早贖回優先票據虧損						(178,744)
Profit before tax	除稅前利潤						6,604,501
Income tax	所得稅						(2,637,705)
Profit for the year	年度利潤						3,966,796
Other segment information:	其他分部資料:						
Depreciation	折舊	45,498	21,627	1,790	3,139	11,134	83,188
Capital expenditure*	資本開支*	21,152	1,311,088	2,558	478	1,478,632	2,813,908
Fair value gain on investment properties, net	投資物業公允價值收益淨額	-	600,546	-	-	-	600,546
Share of profits and losses of joint ventures	應佔合營公司損益額	(63,489)	-	-	-	-	(63,489)
Share of profits and losses of associates	應佔聯營公司損益額	229,369	-	-	-	-	229,369
Investments in joint ventures	於合營公司投資	4,471,802	-	-	-	-	4,471,802
Investments in associates	於聯營公司投資	4,867,561	-	-	-	-	4,867,561

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

* 資本開支包括添置物業、廠房及設備及投資物業。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

4. OPERATING SEGMENT INFORMATION
(Continued)

Year ended 31 December 2018

4. 經營分部資料 (續)

截至2018年12月31日止年度

		Property development 物業開發 RMB'000 人民幣千元	Property investment 物業投資 RMB'000 人民幣千元	Property management 物業管理 RMB'000 人民幣千元	Hotel operation 酒店經營 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Segment revenue (note 5)	分部收入 (附註5)						
Sales to external customers	向外部客戶作出的銷售額	23,625,857	244,575	417,243	18,196	–	24,305,871
Other income and gains	其他收入及收益	144,884	321	1,147	207	13,364	159,923
Total	總額	23,770,741	244,896	418,390	18,403	13,364	24,465,794
Segment results	分部業績	6,465,039	124,447	69	(11,633)	42,846	6,620,768
<i>Reconciliation:</i>	<i>對賬:</i>						
Interest income	利息收入						337,292
Finance costs – interest expenses	融資成本 – 利息支出						(223,352)
Profit before tax	除稅前利潤						6,734,708
Income tax	所得稅						(3,008,605)
Profit for the year	年度利潤						3,726,103
Other segment information:	其他分部資料:						
Depreciation	折舊	31,518	17,472	975	8,738	18,444	77,147
Capital expenditure*	資本開支*	32,561	62,192	1,317	61	12,418	108,549
Fair value gain on investment properties, net	投資物業公允價值收益淨額	–	165,831	–	–	–	165,831
Share of profits and losses of joint ventures	應佔合營公司損益額	(74,265)	–	–	–	–	(74,265)
Share of profits and losses of associates	應佔聯營公司損益額	21,849	–	–	–	–	21,849
Investments in joint ventures	於合營公司投資	6,204,784	–	–	–	–	6,204,784
Investments in associates	於聯營公司投資	3,807,748	–	–	–	–	3,807,748

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

* 資本開支包括添置物業、廠房及設備及投資物業。

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

Information about a major customer

During the current and prior years, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

4. 經營分部資料 (續)

地區資料

由於本集團逾90%的外部客戶收入來自中國內地及逾90%的分部資產位於中國內地，故並無呈列地區資料。因此，董事認為，呈列地區資料將不會對該等財務報表的使用者提供額外有用的資料。

主要客戶資料

於本年度及過往年度，並無來自單一外部客戶交易之收入佔本集團收入總額的10%或以上。

5. 收入、其他收入及收益

本集團的收入分析載列如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Revenue from contracts with customers	客戶合約收益	22,935,567	24,061,296
Revenue from other sources	其他來源的收益		
Rental income from investment property operating leases:	投資物業經營租賃的租金收入：		
Fixed lease payments	固定租賃付款	305,138	244,575
		23,240,705	24,305,871

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2019

Segments	分部	Property development 物業開發 RMB'000 人民幣千元	Property management 物業管理 RMB'000 人民幣千元	Hotel operation 酒店經營 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Type of goods or services	貨品或服務類別				
Sale of properties	物業銷售	22,470,173	-	-	22,470,173
Property management fee income	物業管理費收入	-	447,673	-	447,673
Hotel operation income	酒店經營收入	-	-	17,721	17,721
Total revenue from contracts with customers	客戶合約收益總額	22,470,173	447,673	17,721	22,935,567
Timing of revenue recognition	收益確認時間				
Goods transferred at a point in time	於某一時點轉移貨品	22,398,947	-	-	22,398,947
Goods transferred over time	於一段時間轉移貨品	71,226	-	-	71,226
Services transferred over time	於一段時間轉移服務	-	447,673	17,721	465,394
Total revenue from contracts with customers	客戶合約收益總額	22,470,173	447,673	17,721	22,935,567

5. 收入、其他收入及收益 (續)

客戶合約收益

(i) 收入分拆資料

截至2019年12月31日止年度

For the year ended 31 December 2018

截至2018年12月31日止年度

Segments	分部	Property development 物業開發 RMB'000 人民幣千元	Property management 物業管理 RMB'000 人民幣千元	Hotel operation 酒店經營 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Type of goods or services	貨品或服務類別				
Sale of properties	物業銷售	23,625,857	-	-	23,625,857
Property management fee income	物業管理費收入	-	417,243	-	417,243
Hotel operation income	酒店經營收入	-	-	18,196	18,196
Total revenue from contracts with customers	客戶合約收益總額	23,625,857	417,243	18,196	24,061,296
Timing of revenue recognition	收益確認時間				
Goods transferred at a point in time	於某一時點轉移貨品	23,325,561	-	-	23,325,561
Goods transferred over time	於一段時間轉移貨品	300,296	-	-	300,296
Services transferred over time	於一段時間轉移服務	-	417,243	18,196	435,439
Total revenue from contracts with customers	客戶合約收益總額	23,625,857	417,243	18,196	24,061,296

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(i) 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:

	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of properties	11,530,854	3,880,798

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of properties

For property sales contracts for which the control of the property is transferred over time, the performance obligation is satisfied over time by reference to the construction costs incurred up to the end of reporting period as a percentage of total estimated construction costs for each contract. For property sales contract for which the control of the property is transferred at a point in time, the performance obligation is satisfied when the physical possession or the legal title of the completed property is obtained by the purchaser.

Property management income and hotel operation income

The performance obligation is satisfied over time as services are rendered.

5. 收入、其他收入及收益 (續)

客戶合約收益 (續)

(i) 收入分拆資料 (續)

下表載列計入報告期初合約負債而於本報告期間確認的收益金額：

(ii) 履約責任

有關本集團的履約責任資料概述如下：

物業銷售

對於需要一段時間轉移物業控制權的物業銷售合約，履約責任乃參考截至報告期間末時產生的建築成本佔各合約總估計建築成本的百分比於一段時間內達成。對於某個時間轉移物業控制權於的物業銷售合約，履約責任於買方取得已落成物業的實際佔用權或合法所有權時達成。

物業管理收入及酒店經營收入

履約責任隨著服務的提供於一段時間後完成。

Notes to Financial Statements (Continued)

財務報表附註(續)

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5. REVENUE, OTHER INCOME AND GAINS (Continued)

Other income and gains

An analysis of the Group's other income and gains is as follows:

5. 收入、其他收入及收益 (續)

其他收入及收益

本集團的其他收入及收益的分析如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Bank interest income	銀行利息收入	385,481	337,292
Gain on disposal of subsidiaries (note 40(a))	出售附屬公司收益 (附註40(a))	1,400,044	—
Gain on bargain purchase of subsidiaries (note 38(b))	議價收購附屬公司收益 (附註38(b))	255,794	58,246
Others	其他	126,369	101,677
		2,167,688	497,215

6. FINANCE COSTS – INTEREST EXPENSES

An analysis of finance costs – interest expenses is as follows:

6. 融資成本－利息支出

融資成本－利息支出的分析如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Interest on bank loans, other loans, corporate bonds and senior notes	銀行貸款、其他貸款、公司債券 及優先票據的利息	4,338,458	3,050,162
Less: Interest capitalised	減：資本化利息	(4,156,857)	(2,826,810)
		181,601	223,352

Notes to Financial Statements (Continued)
財務報表附註(續)

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7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

7. 除稅前利潤

本集團的除稅前利潤乃於扣除以下各項後得出：

		Notes 附註	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Cost of properties sold	已售物業成本		16,631,223	16,439,208
Cost of services provided	已提供服務成本		517,772	399,418
Depreciation	折舊	13	83,188	77,147
Fair value loss on derivative financial instruments, net*	衍生金融工具公允值虧損淨額*		—	30,318
Impairment of goodwill*	商譽減值*	16	189,292	—
Minimum lease payments under operating leases	經營租賃項下的最低租賃付款		—	48,526
Lease payments not included in the measurement of lease liabilities	未計入租賃負債計量的租賃付款		49,647	—
Realised loss on derivative financial instruments*	衍生金融工具已變現虧損*		399	—
Auditor's remuneration	核數師薪酬		5,000	4,600
Employee benefit expense (including directors' and chief executive officer's remuneration (note 8))	僱員福利支出(包括董事及行政總裁薪酬(附註8))			
Wages and salaries	工資及薪金		572,207	242,356
Equity-settled share option expense	以股權結算購股權開支		12,160	7,652
Retirement benefit scheme contributions	退休福利計劃供款		60,297	25,786
			644,664	275,794
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	賺取租金投資物業產生的直接經營支出(包括維修及維護)		67,286	40,768

* These items are included in "Other expenses" in the consolidated statement of profit or loss.

* 這些項目計入綜合損益表內「其他開支」。

Notes to Financial Statements (Continued)

財務報表附註(續)

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8. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION

Directors' and chief executive officer'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. 董事及首席執行官薪酬

本年度董事及首席執行官薪酬根據上市規則、香港公司條例第383(1)(a)、(b)、(c)及(f)條及公司(披露董事利益資料)規例第2部披露如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Fees	袍金	845	507
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	4,469	4,154
Equity-settled share option expense	以權益結算的購股權開支	1,374	1,543
Pension scheme contributions	退休金計劃供款	123	87
		5,966	5,784
		6,811	6,291

During the current year and in prior years, certain directors and the chief executive officer were granted options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 34 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 amounts included in the financial statements for the current and prior years are included in the above directors' and chief executive officer's remuneration disclosures.

於本年度及過往年度，根據本公司購股權計劃，若干董事及首席執行官因彼等向本集團提供之服務而獲授購股權，有關進一步詳情載於財務報表附註34。該等購股權已於歸屬期在損益表內確認，其公允值乃於授出日期釐定，計入本年度及過往年度的財務報表的金額乃載入上述董事及首席執行官的薪酬披露。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

8. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION (Continued)

The remuneration of each of the directors and the chief executive officer is set out below:

8. 董事及首席執行官薪酬 (續)

各位董事及首席執行官的薪酬載列如下：

		Fees 袍金 RMB'000 人民幣千元	Salaries, allowances and benefits in kind 薪金、津貼 及實物福利 RMB'000 人民幣千元	Equity- settled share option expense 以權益計算 的購股權開支 RMB'000 人民幣千元	Retirement benefit scheme contributions 退休福利 計劃供款 RMB'000 人民幣千元	Total remuneration 酬金總額 RMB'000 人民幣千元
2019	2019年					
Executive Directors:	執行董事：					
Mr. Lam Lung On*	林龍安先生*	-	1,733	645	43	2,421
Ms. Kwok Ying Lan	郭英蘭女士	-	1,733	688	43	2,464
Mr. Lin Conghui	林聰輝先生	-	1,003	41	37	1,081
Ms. Lam Yu Fong*	林禹芳女士*	317	-	-	-	317
		317	4,469	1,374	123	6,283
Non-executive Director:	非執行董事：					
Ms. Xie Mei^	謝梅女士^	-	-	-	-	-
		-	-	-	-	-
Independent Non-executive Directors:	獨立非執行董事：					
Mr. Lam Kwong Siu	林廣兆先生	176	-	-	-	176
Mr. Wee Henny Soon Chiang	黃循強先生	176	-	-	-	176
Dr. Zhai Pu	翟普博士	176	-	-	-	176
		528	-	-	-	528
		845	4,469	1,374	123	6,811
2018	2018年					
Executive Directors:	執行董事：					
Mr. Lam Lung On*	林龍安先生*	-	1,682	633	31	2,346
Ms. Kwok Ying Lan	郭英蘭女士	-	1,682	602	31	2,315
Mr. Lin Conghui	林聰輝先生	-	743	308	25	1,076
Ms. Lam Yu Fong*	林禹芳女士*	-	47	-	-	47
		-	4,154	1,543	87	5,784
Non-executive Director:	非執行董事：					
Ms. Xie Mei^	謝梅女士^	-	-	-	-	-
		-	-	-	-	-
Independent Non-executive Directors:	獨立非執行董事：					
Mr. Lam Kwong Siu	林廣兆先生	169	-	-	-	169
Mr. Wee Henny Soon Chiang	黃循強先生	169	-	-	-	169
Dr. Zhai Pu	翟普博士	169	-	-	-	169
		507	-	-	-	507
		507	4,154	1,543	87	6,291

Notes to Financial Statements (Continued)
財務報表附註(續)

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8. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION (Continued)

- * Mr. Lam Lung On is also the chief executive officer of the Company.
- ^ Ms. Xie Mei was appointed as a non-executive Director of the Company with effect from 24 September 2018.
- # Ms. Lam Yu Fong was appointed as an executive Director of the Company with effect from 25 October 2018.

There was no arrangement under which a director or the chief executive officer waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2018: two) director, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining four (2018: three) non-director, highest paid employees for the year are as follows:

8. 董事及首席執行官薪酬 (續)

- * 林龍安先生亦為本公司之首席執行官。
- ^ 謝梅女士於2018年9月24日獲委任為本公司非執行董事。
- # 林禹芳女士於2018年10月25日獲委任為本公司執行董事。

於年內，概無董事或首席執行官放棄或同意放棄任何薪酬的安排。

9. 五名最高薪僱員

於年內，五名最高薪僱員包括一名(2018年：兩名)董事，該等董事的薪酬詳情載於上文附註8。餘下四名(2018年：三名)非董事最高薪僱員的年度薪酬詳情如下：

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	15,501	6,651
Equity-settled share option expense	以權益結算的購股權開支	1,032	502
Pension scheme contributions	退休金計劃供款	131	151
		16,664	7,304

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9. FIVE HIGHEST PAID EMPLOYEES
(Continued)

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

9. 五名最高薪僱員 (續)

薪酬介乎下列範圍的非董事及非首席執行官最高薪僱員人數如下：

		Number of employees 僱員人數	
		2019	2018
HK\$2,000,001 to HK\$2,500,000	港幣2,000,001元至港幣2,500,000元	—	1
HK\$2,500,001 to HK\$3,000,000	港幣2,500,001元至港幣3,000,000元	—	2
HK\$3,000,001 to HK\$3,500,000	港幣3,000,001元至港幣3,500,000元	2	—
HK\$4,500,001 to HK\$5,000,000	港幣4,500,001元至港幣5,000,000元	1	—
HK\$6,000,001 to HK\$6,500,000	港幣6,000,001元至港幣6,500,000元	1	—
		<u>4</u>	<u>3</u>

During the year, share options were granted to non-director, highest paid employees in respect of their services to the Group, further details of which are included in note 34 to the financial statements. The fair value of such options, which had been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the current and prior years is included in the above non-director, highest paid employees' remuneration disclosures.

於年內，該名非董事最高薪僱員因其向本集團提供之服務而獲授購股權，有關進一步詳情載於財務報表附註34。該等購股權已於歸屬期在損益表內確認，其公允值乃於授出日期釐定，計入本年及過往年度的財務報表的金額乃計入以上非董事最高薪僱員的薪酬披露。

Notes to Financial Statements (Continued)

財務報表附註(續)

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10. INCOME TAX

No provision for Hong Kong profits tax has been made for the current and prior years as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the current and prior years. The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the year.

An analysis of the income tax charges for the year is as follows:

10. 所得稅

由於本集團自過往年度結轉稅項虧損可用以抵銷本年及過往年度產生的應課稅利潤，故並無於本年及過往年度就香港利得稅作出撥備。於中國大陸經營的附屬公司的所得稅根據年內的應課稅利潤按適用稅率計算。

本年度所得稅支出的分析如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Current:	即期：		
PRC corporate income tax	中國企業所得稅	1,553,096	1,929,563
PRC land appreciation tax (note 31)	中國土地增值稅（附註31）	1,342,691	1,438,481
		<u>2,895,787</u>	<u>3,368,044</u>
Deferred (note 32):	遞延（附註32）：		
Current year	本年度	(258,082)	(359,439)
Total tax charge for the year	本年度稅項支出總額	<u>2,637,705</u>	<u>3,008,605</u>

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

10. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for Mainland China in which the majority of the Group's subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate for the year, are as follows:

10. 所得稅 (續)

年內，採用本集團絕大部分附屬公司所在的中國大陸的法定稅率計算適用於除稅前利潤的稅項開支與按實際稅率計算的稅項開支的對賬，以及適用稅率（即法定稅率）與實際稅率的對賬如下：

		2019		2018	
		RMB'000	%	RMB'000	%
		人民幣千元		人民幣千元	
Profit before tax	除稅前利潤	6,604,501		6,734,708	
Tax charge at the statutory income tax rate	按法定所得稅率計算的稅項開支	1,651,125	25.0	1,683,677	25.0
Adjustment in respect of deferred tax of previous periods	對以前期間遞延稅項的調整	—	—	(168,845)	(2.5)
Profits and losses attributable to joint ventures and associates	合營公司及聯營公司應佔損益	(41,470)	(0.6)	13,104	0.2
Income not subject to tax	毋須課稅收益	(206,032)	(3.1)	—	—
Expenses not deductible for tax	不可扣稅開支	156,888	2.4	258,719	3.8
Tax losses not recognised	未確認稅項虧損	70,176	1.0	143,089	2.1
LAT provided	已計提土地增值稅	1,342,691	20.3	1,438,481	21.4
Tax effect on LAT	土地增值稅的稅務影響	(335,673)	(5.1)	(359,620)	(5.3)
Tax charge at the Group's effective rate	按本集團實際稅率計算的稅項開支	2,637,705	39.9	3,008,605	44.7

The share of tax expense attributable to joint ventures amounting to RMB15,770,000 (2018: RMB9,411,000) is included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss. The share of tax expense attributable to associates amounting to RMB28,641,000 (2018: RMB4,267,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

合營公司應佔稅項開支為人民幣15,770,000元（2018年：人民幣9,411,000元），已包括於綜合損益表之「應佔合營公司損益額」中。應佔聯營公司稅項開支為數人民幣28,641,000元（2018年：人民幣4,267,000元）已計入列於綜合損益表之「應佔聯營公司損益額」中。

Notes to Financial Statements (Continued)
財務報表附註(續)

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11. DIVIDENDS

11. 股息

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Interim – HK12 cents (2018: HK11 cents) per ordinary share	中期股息－每股普通股12港仙 (2018年：11港仙)	523,159	403,551
Special interim – HK3 cents (2018: Nil) per ordinary share	特別中期股息－每股普通股 3港仙 (2018年：無)	130,790	–
Second interim – HK21 cents (2018: Nil) per ordinary share	第二次中期股息－每股普通股 21港仙 (2018年：無)	980,294	–
Second special interim – HK4 cents (2018: Nil) per ordinary share	第二次特別中期股息－每股 普通股4港仙 (2018年：無)	186,723	–
Proposed final – Nil (2018: HK20.5 cents per ordinary share)	擬派末期股息－無 (2018年：每股普通股20.5港仙)	–	842,506
		1,820,966	1,246,057

The second interim dividend and second special interim dividend will be either payable in cash or, at the scrip option of the shareholders, in form of new fully paid scrip shares of the Company in lieu of cash, or partly in cash and partly in scrip shares.

第二次中期股息及第二次特別中期股息可以現金支付，或股東可選擇以本公司新繳足股份代替現金股息，亦可選擇部分以現金支付及部分以股代息。

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, adjusted for the distribution related to senior perpetual securities, and the weighted average number of ordinary shares of 4,913,323,081 (2018: 4,332,639,749) in issue during the year.

The calculation of the diluted earnings per share amount is based on the consolidated profit attributable to ordinary equity holders, adjusted for the distribution related to senior perpetual securities, and the weighted average number of ordinary shares used in the calculation is the total of (i) the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and (ii) 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 (see below).

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按母公司普通權益持有人應佔年內利潤（已根據與高級永續證券有關的分派作出調整），及年內已發行普通股加權平均數4,913,323,081股（2018年：4,332,639,749股）計算。

每股攤薄盈利金額乃按普通權益持有人應佔綜合利潤（已根據與高級永續證券有關的分派作出調整）計算，而計算所用的普通股加權平均數為(i)用於計算每股基本盈利的年內已發行普通股加權平均數，及(ii)假設於所有具攤薄潛力之普通股被視作獲行使成普通股時已以無償形式發行的普通股加權平均數之總和（見下文）。

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**12. EARNINGS PER SHARE
ATTRIBUTABLE TO ORDINARY
EQUITY HOLDERS OF THE PARENT
(Continued)**

The calculations of the 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乃基於：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Earnings	盈利		
Profit attributable to owners of the parent	母公司擁有人應佔利潤	3,605,776	3,504,940
Distribution related to senior perpetual securities	有關高級永續證券的分派	(110,743)	(106,546)
Profit used in the basic and diluted earnings per share calculations	每股基本及攤薄盈利計算所用的利潤	3,495,033	3,398,394

		Number of shares 股份數目	
		2019	2018
Shares	股份		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	年內已發行普通股之加權平均數，用於計算每股基本盈利	4,913,323,081	4,332,639,749
Effect of dilution of share options – weighted average number of ordinary shares	購股權攤薄影響－普通股之加權平均數	25,435,416	39,016,251
Weighted average number of ordinary shares in issue during the year, used in the diluted earnings per share calculation	年內已發行普通股之加權平均數，用於計算每股攤薄盈利	4,938,758,497	4,371,656,000

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

13. PROPERTY, PLANT AND EQUIPMENT 13. 物業、廠房及設備

		Leasehold land and buildings 租賃 土地及樓宇 RMB'000 人民幣千元	Hotel properties 酒店物業 RMB'000 人民幣千元	Yacht 遊艇 RMB'000 人民幣千元	Leasehold improvements 租賃物業裝修 RMB'000 人民幣千元	Furniture, fixtures and office equipment 傢俬、裝置及 辦公室設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2019	2019年12月31日								
At 1 January 2019:	於2019年1月1日:								
Cost	成本	467,155	457,710	99,308	23,824	103,421	75,338	-	1,226,756
Accumulated depreciation	累計折舊	(85,652)	(50,925)	(13,547)	(5,832)	(73,509)	(63,274)	-	(292,739)
Net carrying amount	賬面淨額	381,503	406,785	85,761	17,992	29,912	12,064	-	934,017
At 1 January 2019, net of accumulated depreciation	於2019年1月1日，扣除累計折舊	381,503	406,785	85,761	17,992	29,912	12,064	-	934,017
Acquisition of a subsidiary that does not constitute business combination	收購不構成業務的附屬公司	-	-	-	-	-	-	1,478,632	1,478,632
Acquisition of subsidiaries through business combination (note 38(b))	透過業務合併收購附屬公司(附註38(b))	-	-	-	-	1,246	1,093	-	2,339
Additions	添置	9,279	-	-	86	9,434	4,252	-	23,988
Disposals	處置	-	-	-	(913)	(119)	(841)	-	(1,777)
Disposal of subsidiaries (note 40(a))	出售附屬公司(附註40(a))	-	-	-	-	(801)	(906)	-	(1,707)
Depreciation provided during the year	年內計提的折舊	(43,723)	(9,897)	(5,809)	(2,579)	(16,326)	(4,854)	-	(83,188)
Transfer from properties held for sale	轉撥自持作銷售用途的物業	322,310	-	-	-	-	-	126,900	449,210
Exchange realignment	匯兌調整	-	-	1,484	-	-	-	-	1,484
At 31 December 2019, net of accumulated depreciation	於2019年12月31日，扣除累計折舊	669,369	396,888	81,446	14,586	23,346	11,745	1,605,532	2,802,912
At 31 December 2019:	於2019年12月31日:								
Cost	成本	798,744	457,710	100,802	22,997	113,181	79,873	1,605,532	3,178,839
Accumulated depreciation	累計折舊	(129,375)	(60,822)	(19,356)	(8,411)	(89,835)	(68,128)	-	(375,927)
Net carrying amount	賬面淨額	669,369	396,888	81,446	14,586	23,346	11,745	1,605,532	2,802,912

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

13. PROPERTY, PLANT AND EQUIPMENT
(Continued)

13. 物業、廠房及設備 (續)

		Leasehold land and buildings 租賃 土地及樓宇 RMB'000 人民幣千元	Hotel properties 酒店物業 RMB'000 人民幣千元	Yacht 遊艇 RMB'000 人民幣千元	Leasehold improvements 租賃物業裝修 RMB'000 人民幣千元	Furniture, fixtures and office equipment 傢私、裝置及 辦公室設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2018	2018年12月31日							
At 1 January 2018:	於2018年1月1日:							
Cost	成本	367,935	457,710	92,767	12,815	90,343	67,567	1,089,137
Accumulated depreciation	累計折舊	(55,335)	(36,451)	(6,653)	(4,734)	(57,058)	(54,191)	(214,422)
Net carrying amount	賬面淨額	312,600	421,259	86,114	8,081	33,285	13,376	874,715
At 1 January 2018, net of accumulated depreciation	於2018年1月1日，扣除累計折舊	312,600	421,259	86,114	8,081	33,285	13,376	874,715
Acquisition of subsidiaries (note 38(b))	收購附屬公司(附註38(b))	-	-	-	3,314	-	-	3,314
Additions	添置	16,260	-	615	7,627	16,743	8,785	50,030
Disposals	處置	-	-	-	-	(2,466)	(968)	(3,434)
Disposal of subsidiaries (note 40(b))	出售附屬公司(附註40(b))	-	-	-	-	(1,162)	-	(1,162)
Depreciation provided during the year	年內計提的折舊	(30,317)	(14,474)	(5,709)	(1,030)	(16,488)	(9,129)	(77,147)
Transfer from investment properties	轉撥自投資物業	82,960	-	-	-	-	-	82,960
Exchange realignment	匯兌調整	-	-	4,741	-	-	-	4,741
At 31 December 2018, net of accumulated depreciation	於2018年12月31日，扣除累計折舊	381,503	406,785	85,761	17,992	29,912	12,064	934,017
At 31 December 2018:	於2018年12月31日:							
Cost	成本	467,155	457,710	99,308	23,824	103,421	75,338	1,226,756
Accumulated depreciation	累計折舊	(85,652)	(50,925)	(13,547)	(5,832)	(73,509)	(63,274)	(292,739)
Net carrying amount	賬面淨額	381,503	406,785	85,761	17,992	29,912	12,064	934,017

At 31 December 2019, right-of-use assets with aggregate carrying amount of approximately RMB354,351,000, RMB314,037,000 and RMB163,287,000 were included in leasehold land and buildings, hotel property and construction in progress, respectively, and the depreciation charged to profit or loss in the current year was RMB26,190,000.

At 31 December 2019, certain of the Group's property, plant and equipment with an aggregate carrying amount of approximately RMB158,002,000 (2018: RMB319,063,000) were pledged to banks to secure the bank loans granted to the Group (note 28(a)(vi)).

於2019年12月31日，賬面總值約人民幣354,351,000元、人民幣314,037,000元及人民幣163,287,000元的使用權資產分別計入租賃土地及樓宇、酒店物業及在建工程，及年內於損益扣除折舊人民幣26,190,000元。

於2019年12月31日，本集團若干賬面總值約人民幣158,002,000元(2018年：人民幣319,063,000元)的物業、廠房及設備已抵押予銀行作為本集團獲授銀行貸款的抵押(附註28(a)(vi))。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

14. INVESTMENT PROPERTIES

14. 投資物業

		Completed 已竣工 RMB'000 人民幣千元	Under construction 在建 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Carrying amount at 1 January 2018	於2018年1月1日的賬面值	8,056,930	83,280	8,140,210
Additions	添置	56,949	1,570	58,519
Transfer from properties held for sale	轉撥自持作銷售用途 的物業	268,951	—	268,951
Transfer from properties under development	轉撥自在建物業	—	1,779,294	1,779,294
Transfer to property, plant and equipment	轉撥至物業、廠房及設備	(82,960)	—	(82,960)
Acquisition of a subsidiary (note 38(b))	收購一間附屬公司 (附註38(b))	194,000	—	194,000
Exchange realignment	匯兌調整	2,398	(418)	1,980
Net gains/(losses) from fair value adjustments	公允值調整收益／ (虧損)淨額	198,657	(32,826)	165,831
Carrying amount at 31 December 2018 and 1 January 2019	於2018年12月31日及 2019年1月1日 的賬面值	8,694,925	1,830,900	10,525,825
Additions	添置	13,437	333,507	346,944
Disposal of a subsidiary (note 40(a))	出售一間附屬公司 (附註40(a))	—	(366,000)	(366,000)
Transfer from properties under development	轉撥自在建物業	—	454,305	454,305
Acquisition of a subsidiary that does not constitute business	收購不構成業務的 附屬公司	964,144	—	964,144
Acquisition of a subsidiary through business combination (note 38(b))	透過業務合併收購 附屬公司(附註38(b))	352,000	—	352,000
Exchange realignment	匯兌調整	(13,633)	—	(13,633)
Net gains from fair value adjustments	公允值調整收益淨額	212,658	387,888	600,546
Carrying amount at 31 December 2019	於2019年12月31日 的賬面值	10,223,531	2,640,600	12,864,131

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

14. INVESTMENT PROPERTIES (Continued)

Notes:

- (a) At 31 December 2019, certain of the Group's investment properties with an aggregate carrying amount of RMB6,503,560,000 (2018: RMB4,994,439,000) were pledged to banks to secure the bank loans granted to the Group (note 28(a)(ii)).
- (b) The Group's completed investment properties are leased to third parties, further summary details of which are included in note 15.
- (c) The Group's completed investment properties and investment properties under construction were revalued on 31 December 2019 and 2018 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professionally qualified valuers.

For completed investment properties, valuations were either based on the capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties, or made with reference to comparable market transactions taking into considerations adjustments to reflect differences in transaction timing, location and tenure.

For investment properties under construction which were stated at fair value at the end of the reporting period, valuations were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

In the opinion of the directors, for all investment properties that are measured at fair value, the current use of the properties is their highest and best use.

At 31 December 2019 and 2018, all of the investment properties were measured at fair value.

14. 投資物業 (續)

附註:

- (a) 於2019年12月31日,本集團若干賬面總值為人民幣6,503,560,000元(2018年:人民幣4,994,439,000元)的投資物業已抵押予銀行作為本集團獲授銀行貸款的抵押(附註28(a)(ii))。
- (b) 本集團的已竣工投資物業出租予第三方,更多概要詳情載於附註15。
- (c) 本集團的已竣工投資物業及在建投資物業由獨立專業合資格估值師仲量聯行企業評估及諮詢有限公司於2019年及2018年12月31日重估。

就已竣工投資物業而言,估值基於將來自現有租約的租金收入淨額資本化,並適當計入復歸業權可能帶來的收入,或參考可資比較市場交易,並考慮為反映交易時間、位置及租約的差別作出之調整。

就於報告期間結束時按公允值入賬的在建投資物業而言,估值基於餘值法,並考慮預期建設成本及為完成開發將支出的成本以反映已竣工開發項目的品質,依據是該等物業將按本集團的最新開發計劃開發及完成。

董事認為,就按公允值計量的所有投資物業而言,該等物業的現有用途為其最高效及最佳用途。

於2019年及2018年12月31日,所有投資物業均按公允值計量。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

14. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

(c) (Continued)

Fair value hierarchy

At 31 December 2019 and 2018, the fair value measurement of all of the Group's investment properties used significant unobservable inputs (Level 3) as defined in HKFRS 13.

During the year, there were no transfers of fair value measurements between Level 1 (quoted prices in active markets) and Level 2 (significant observable inputs) and no transfers into or out of Level 3 (2018: Nil).

Descriptions of valuation techniques used and key inputs to valuation on investment properties:

14. 投資物業 (續)

附註：(續)

(c) (續)

公允價值層級

於2019年及2018年12月31日，本集團所有投資物業的公允價值乃採用非可觀察的主要輸入數據（第3級）（定義見香港財務報告準則第13號）計量。

年內，公允價值計量並無於第1級（於活躍市場的報價）與第2級（可觀察的主要輸入數據）之間發生轉移，亦無轉入或轉出第3級（2018年：無）。

對投資物業估值使用的估值方法及主要輸入數據說明：

	Valuation technique 估值方法	Significant unobservable inputs 非可觀察的主要輸入數據	Range or weighted average 範圍或加權平均	
			2019	2018
Completed 已竣工				
Retail 零售	Income approach 收入法	Estimated annual rental value/sq.m. (RMB) 估計每平方米年租金價值（人民幣元）	1,600-100,000	1,600-82,000
		Capitalisation rate 資本化率	2.5%-6.5%	3.5%-6.5%
Car parking spaces 停車場	Market approach 市場法	Unit price (RMB/unit) 單價（人民幣元／單元）	150,000-500,000	150,000-400,000
Under construction 在建				
Retail 零售	Residual approach 餘值法	Estimated annual rental value/sq.m. (RMB) 估計每平方米年租金價值（人民幣元）	16,000-200,000	16,000-187,000
		Capitalisation rate 資本化率	5%	5%
		Development profit 開發利潤	5-15%	15%

A significant increase/(decrease) in estimated annual rental value per square metre in isolation would result in a significantly higher/(lower) fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties. A significant increase/(decrease) in unit price would result in a significantly higher/(lower) fair value of the investment properties. A significant increase/(decrease) in development profit in isolation would result in a significantly lower/(higher) fair value of the investment properties.

The valuation of car parking spaces was determined based on unit prices of comparable transactions with adjustment on dissimilar attributes.

Development profit represented the adjustment on future uncertainty in respect of properties under construction.

估計每平方米年租金價值單獨大幅增加／（減少）會令投資物業公允價值大幅增加／（減少）。資本化率單獨大幅增加／（減少）會令投資物業公允價值大幅減少／（增加）。單價大幅增加／（減少）會令投資物業公允價值大幅增加／（減少）。開發利潤單獨大幅增加／（減少）將導致投資物業的公允價值大幅減少／（增加）。

停車場估值乃按可比較交易單價調整不同屬性釐定。

開發利潤即在建物業未來不確定性調整。

15. LEASES

The Group as lessor

The Group leases its investment properties (note 14) under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and to provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB305,138,000 (2018: RMB244,575,000), details of which are included in note 5 to the financial statements.

At 31 December 2019, the undiscounted lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

15. 租賃

本集團作為出租人

本集團根據經營租賃安排出租其投資物業(附註14)。該等租賃的條款一般亦要求承租人支付保證金並根據當時的市場狀況定期調整租金。本集團於年內確認的租金收入為人民幣305,138,000元(2018年:人民幣244,575,000元),有關詳情載於財務報表附註5。

於2019年12月31日,日後本集團根據與其租戶之不可撤銷經營租賃的應收未貼現租賃付款如下:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Within one year	一年內	217,979	208,182
After one year but within two years	一年後但兩年內	173,460	513,330
After two years but within three years	兩年後但三年內	127,948	402,484
After three years but within four years	三年後但四年內	97,613	296,613
After four years but within five years	四年後但五年內	77,602	228,685
After five years	五年後	285,430	263,728
		980,032	1,913,022

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

16. GOODWILL

16. 商譽

		RMB'000 人民幣千元
Cost at 1 January 2018, net of accumulated impairment	於2018年1月1日之成本，扣除累計減值	-
Acquisition of subsidiaries (note 38(b))	收購附屬公司(附註38(b))	1,133,070
At 31 December 2018	於2018年12月31日	1,133,070
At 31 December 2018:	於2018年12月31日：	
Cost	成本	1,397,736
Accumulated impairment	累計減值	(264,666)
Net carrying amount	賬面淨值	1,133,070
Cost at 1 January 2019, net of accumulated impairment	於2019年1月1日之成本，扣除累計減值	1,133,070
Disposal of a subsidiary (note 40(a))	出售一間附屬公司(附註40(a))	(219,631)
Impairment during the year	年內減值	(189,292)
At 31 December 2019	於2019年12月31日	724,147
At 31 December 2019:	於2019年12月31日：	
Cost	成本	1,178,105
Accumulated impairment	累計減值	(453,958)
Net carrying amount	賬面淨值	724,147

16. GOODWILL (Continued)

Impairment testing of goodwill

The Group's goodwill acquired through a business combination prior to 2018 was allocated to a cash-generating unit for the property development segment, which principally engaged in the property development in the PRC, for impairment testing, and was fully impaired during the year ended 31 December 2018.

The Group's goodwill acquired through business combinations in the prior year were allocated to three cash-generating units for the property development segments, which principally engaged in the property development in Hefei, Hangzhou and Beijing, for impairment testing. The property development project in Hefei was disposed of during the current year. The recoverable amounts of the cash-generating units of the property development segments were determined based on a value-in-use calculation using cash flow projections based on financial budgets covering ranged from one-year to five-year period approved by senior management.

The development projects in Hangzhou acquired in the prior year comprises 2 phases. As at 31 December 2019, Phase I was completed and the properties were substantially sold to and handed over to the buyers and Phase II was still not yet completed. Management estimated that the properties of both phases shall be completely sold to and handed over to the buyers by the end of 2020. In view of the expected tenure of the business, the financial budget only covered a one-year period and no perpetual growth rate was applied in the calculation of value-in-use. The discount rate applied to the cash flow projection of the cash-generating unit was 10.7% (2018: 10.7%).

Management estimated that the property development project in Beijing acquired in the prior year shall be completed within 5 years. The recoverable amount was determined based on a value-in-use calculation using cash flow projection based on the financial budget covering a five-year period approved by senior management. The discount rate applied to the cash flow projection was 10.7% (2018: 10.7%) and cash flow beyond the five-year period was extrapolated using a growth rate of 3% (2018: 3%).

16. 商譽 (續)

商譽減值測試

為進行減值測試，本集團於2018年之前透過業務合併收購之商譽已分配至物業開發分部（主要於中國從事物業開發）之現金產生單位，並於截至2018年12月31日止年度悉數減值。

為進行減值測試，本集團於過往年度透過業務合併收購之商譽已分配至物業開發分部（主要於合肥、杭州及北京從事物業開發）之三個現金產生單位。於合肥的物業開發項目已於本年度出售。物業開發分部現金產生單位之可收回金額乃按採用現金流量預測（以高級管理層批准之一至五年期間財務預算為基準作出）計算的使用價值釐定。

過往年度於杭州收購的開發項目包括兩期。於2019年12月31日，一期已經完工，大部分物業已出售及交樓予買家而二期尚未完工。管理層估計兩期物業將於2020年年底完全出售及交樓予買家。鑒於業務之預期年期，而財務預算僅涵蓋一年，因此於計算使用價值時並無採用永續增長率。計算現金產生單位之現金流量預測所用的折現率為10.7%（2018年：10.7%）。

管理層估計過往年度於北京收購的物業開發項目將於五年內完工。可收回金額乃按採用現金流量預測（以高級管理層批准之五年期間財務預算為基準作出）計算的使用價值釐定。現金流量預測所用的折現率為10.7%（2018年：10.7%），超出五年期間的現金流量則按增長率3%（2018年：3%）推算。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

16. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

Assumptions were used in the value-in-use calculation of the above mentioned property development segment's cash-generating units for 31 December 2019 and 31 December 2018. The following describes each key assumption on which management had based its cash flow projections to undertake impairment testing of goodwill:

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant units.

Business environment – There was no major change in the existing political, legal and economic conditions in the PRC in which the cash-generating units carried on their business.

16. 商譽 (續)

商譽減值測試 (續)

計算上述物業開發分部之現金產生單位於2019年12月31日及2018年12月31日之使用價值已運用假設。下文載述管理層預測現金流量以進行商譽減值測試所依據的各項主要假設：

折現率 – 所用折現率為除稅前及反映相關單位的特定風險。

業務環境 – 現金產生單位開展業務所在的中國之現有政治、法律及經濟環境並無出現重大變動。

17. INVESTMENTS IN JOINT VENTURES

17. 於合營公司的投資

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Share of net assets	應佔資產淨值	4,471,802	6,204,784

Notes:

- (a) The Group's other receivable balances due from joint ventures and other payable balances due to joint ventures are disclosed in note 22 and note 26 to the financial statements, respectively.

附註：

- (a) 本集團應收合營公司的其他應收款項結餘及應付該等合營公司的其他應付款項結餘分別披露於財務報表附註22及附註26。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

17. INVESTMENTS IN JOINT VENTURES
(Continued)

Notes: (Continued)

(b) Particulars of the Group's principal joint ventures are as follows:

Company name 公司名稱	Registered and paid-up capital 註冊及繳足資本	Places of registration and business 註冊及經營地點	Percentage of 下列各項所佔百分比			
			Ownership interest 所有權權益	Voting power 投票權	Profit sharing 分佔利潤	Principal activities 主要業務
Zhoushan Rongdu Property Ltd. * (Note) (舟山榮都置業有限公司)	RMB2,000,000,000	PRC/Mainland China	50%	50%	50%	Property development
舟山榮都置業有限公司* (附註)	人民幣2,000,000,000元	中國／中國大陸	50%	50%	50%	物業開發
Wuxi Runteng Real Estate Development Co., Ltd. * (Note) (無錫潤騰房地產開發有限公司)	RMB510,000,000	PRC/Mainland China	50%	50%	50%	Property development
無錫潤騰房地產開發有限公司* (附註)	人民幣510,000,000元	中國／中國大陸	50%	50%	50%	物業開發
Hefei Ruiyuan Real Estate Co., Ltd. * (Note) (合肥瑞遠置業有限公司)	RMB400,000,000	PRC/Mainland China	40%	40%	40%	Property development
合肥瑞遠置業有限公司* (附註)	人民幣400,000,000元	中國／中國大陸	40%	40%	40%	物業開發

All the above joint ventures are indirectly held by the Company and are not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

* Registered as domestic limited liability companies under the PRC law.

* Registered as Sino-foreign equity entities under the PRC law.

Note: The English names of these entities represent the best effort made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

(c) During the year ended 31 December 2018, the Group entered into equity transfer agreements for the acquisition of the remaining equity interests in three former material joint ventures, namely, Shanghai Zexiang, Zhongwei Properties and Hefei Zexiang Real Estate Development Co., Ltd. ("Hefei Zexiang"). Further details are included in note 38(b) to the financial statements.

17. 於合營公司的投資 (續)

附註：(續)

(b) 本集團主要合營公司的詳情如下：

上述所有合營公司均由本公司間接持有，且並非由香港安永會計師事務所或安永全球網絡之任何其他成員公司審核。

* 根據中國法律註冊為本地有限責任公司。

* 根據中國法律註冊為中外合資權益實體。

附註：由於該等實體並未註冊任何正式英文名稱，因此其英文名稱乃本公司管理層盡力直接翻譯其中文名稱而得出。

(c) 截至2018年12月31日止年度，本集團就收購三間前重要合營公司（即上海澤翔、中維地產及合肥澤翔房地產開發有限公司（「合肥澤翔」））之餘下股權訂立股權轉讓協議。詳情載於財務報表附註38(b)。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

17. INVESTMENTS IN JOINT VENTURES (Continued)

Notes: (Continued)

- (d) During the year ended 31 December 2019, the Group entered into equity transfer agreements for the acquisition of the remaining equity interests in two former material joint ventures, namely, Hefei Bozhou and Zhangzhou Yuzhou Yixuan. Further details are included in note 38(b) to the financial statements.
- (e) In the opinion of the Directors, the joint ventures were not individually material to the Group in the current year. Hence, no disclosures of their separate financial information have been made.
- (f) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Share of the joint ventures' loss for the year	分佔合營公司年度虧損	(63,489)	(74,265)
Share of the joint ventures' total comprehensive loss	分佔合營公司全面虧損總額	(63,489)	(74,265)
Aggregate carrying amount of the Group's investments in the joint ventures	本集團於合營公司之投資的賬面總值	4,471,802	6,204,784

- (g) Certain of the bank and other borrowings of the Group's joint ventures are secured by pledges over the Group's equity interests in the subsidiaries and joint ventures with an aggregate carrying amount at the end of the reporting period of approximately RMB4,567,087,000 (2018: Nil) and RMB903,200,000 (2018: RMB169,574,000), respectively.

17. 於合營公司的投資 (續)

附註：(續)

- (d) 截至2019年12月31日止年度，本集團就收購兩間前重要合營公司（即合肥博洲及漳州禹洲益軒）之餘下股權訂立股權轉讓協議。進一步詳情載於財務報表附註38(b)。
- (e) 董事認為，本年度並無合營公司個別對本集團屬重要，因此並無披露彼等的獨立財務資料。
- (f) 下表列示本集團合營公司（並非屬重要）的整體財務資料：

- (g) 本集團合營公司的若干銀行及其他借款以本集團於子公司和合營公司的股權於報告期末的賬面總值約人民幣4,567,087,000元（2018年：無）和人民幣903,200,000元（2018年：人民幣169,574,000元）作抵押。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES

18. 於聯營公司的投資

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Share of net assets	應佔資產淨值	4,867,561	3,807,748

Notes:

附註：

(a) The Group's other receivable balances due from associates and other payable balances due to an associate are disclosed in note 22 and note 26 to the financial statements, respectively.

(a) 本集團的應收聯營公司的其他應收款項結餘及應付一間聯營公司的其他應付款項結餘分別於財務報表附註22及附註26內披露。

(b) Particulars of the Group's principal associates are as follows:

(b) 本集團主要聯營公司的詳情如下：

Company name	Registered and paid-up capital	Places of registration and business	Percentage of ownership interest	Principal activity
公司名稱	註冊及繳足股本	註冊及經營地點	本集團應佔所有權益百分比	主要業務
Suzhou Jinshang Real Estate Development Co., Ltd. (Note) (蘇州勁商房地產開發有限公司)	RMB1,200,000,000	PRC/Mainland China	33%	Property development
蘇州勁商房地產開發有限公司(附註)	人民幣1,200,000,000元	中國／中國大陸	33%	物業開發
Taichang Yuzhou Yilong Real Estate Development Co., Ltd. (Note) (太倉禹洲益龍房地產開發有限公司)	RMB500,000,000	PRC/Mainland China	23.3%	Property development
太倉禹洲益龍房地產開發有限公司(附註)	人民幣500,000,000元	中國／中國大陸	23.3%	物業開發

The Group's shareholdings in the associates all comprise equity shares held by the wholly-owned subsidiaries of the Company.

本集團於聯營公司的股權均包括本公司全資附屬公司持有的股權。

Note: The English names of these entities represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English names.

附註：由於該等實體並未註冊任何正式英文名稱，因此其英文名稱乃本公司管理層盡力直接翻譯其中文名稱而得出。

(c) During the year ended 31 December 2019, the Group entered into equity transfer agreements for the acquisition of the remaining equity interests in a former principal associate, Suzhou Yuzhou Xuanyi. Further details are included in note 38(b) to the financial statements.

(c) 截至2019年12月31日止年度，本集團就收購一間前主要聯營公司（即蘇州禹洲軒溢）之餘下股權訂立股權轉讓協議。進一步詳情載於財務報表附註38(b)。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

18. INVESTMENTS IN ASSOCIATES

(Continued)

Notes: (Continued)

- (d) In the opinion of the Directors, the associates were not individually material to the Group in the current and prior years. Hence, no disclosures of their separate financial information have been made. The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Share of the associates' profit for the year	分佔聯營公司年度溢利	229,369	21,849
Share of the associates' total comprehensive income	分佔聯營公司全面收益總額	229,369	21,849
Aggregate carrying amount of the Group's investments in the associates	本集團於聯營公司之投資的賬面總值	4,867,561	3,807,748

- (e) Certain of the bank and other borrowings of the Group's associates are secured by pledges over the Group's equity interests in the subsidiaries and associates with an aggregate carrying amount at the end of the reporting period of approximately RMB72,906,000 (2018: Nil) and RMB711,531,000 (2018: RMB148,150,000).

18. 於聯營公司的投資 (續)

附註：(續)

- (d) 董事認為，本年度及過往年度並無聯營公司個別對本集團屬重要，因此並無披露彼等的獨立財務資料。下表列示本集團聯營公司（並非個別重要）的整體財務資料：

- (e) 本集團聯營公司的若干銀行及其他借款以本集團於子公司和聯營公司的股權於報告期末的賬面總值約人民幣72,906,000元（2018年：無）和人民幣711,531,000元（2018年：人民幣148,150,000元）作抵押。

31 December 2019 2019年12月31日

19. LAND HELD FOR PROPERTY DEVELOPMENT FOR SALE

19. 持作物業開發銷售用途的土地

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Carrying amount at beginning of year	年初賬面金額	5,895,428	9,388,697
Additions during the year	年內添置	2,384,696	1,739,287
Acquisition of subsidiaries (note 38(b))	收購附屬公司(附註38(b))	—	2,432,027
Disposal of subsidiaries (note 39)	出售附屬公司(附註39)	(1,390,682)	—
Transfer to properties under development	轉撥至在建物業	(4,076,270)	(7,664,583)
Carrying amount at end of year	年末賬面金額	2,813,172	5,895,428
Portion classified as current assets	分類為流動資產的部分	(2,813,172)	(5,680,204)
Non-current assets	非流動資產	—	215,224

At 31 December 2018, certain of the Group's land held for property development for sale with an aggregate carrying amount of RMB1,338,353,000 were pledged to banks to secure certain of the bank loans granted to the Group (note 28(a)(v)).

於2018年12月31日，本集團若干賬面總值為人民幣1,338,353,000元的持作物業開發銷售用途的土地已抵押予銀行以作為本集團獲授的若干銀行貸款的抵押(附註28(a)(v))。

20. PROPERTIES UNDER DEVELOPMENT

20. 在建物業

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Properties under development expected to be completed within normal operating cycle and classified as current assets are expected to be recoverable:	預期於日常經營週期內竣工及分類為流動資產的在建物業預期於下列期間內收回：		
Within one year	一年內	9,042,864	12,133,072
After one year	一年後	16,011,566	14,481,134
		25,054,430	26,614,206

At 31 December 2019, certain of the Group's properties under development with an aggregate carrying amount of RMB12,053,788,000 (2018: RMB11,918,931,000) were pledged to banks to secure certain of the bank loans granted to the Group (note 28(a)(i)).

於2019年12月31日，本集團若干賬面總值為人民幣12,053,788,000元(2018年：人民幣11,918,931,000元)的在建物業已抵押予銀行以作為本集團獲授的若干銀行貸款的抵押(附註28(a)(i))。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

21. PROPERTIES HELD FOR SALE

At 31 December 2019, certain of the Group's properties held for sale with an aggregate carrying amount of RMB2,790,697,000 (2018: RMB810,533,000) were pledged to banks to secure certain of the bank loans granted to the Group (note 28(a)(iii)).

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Prepayments	預付款
Deposits and other receivables	按金及其他應收款項
Portion classified as current assets	分類為流動資產的部分
Non-current assets	非流動資產

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

At 31 December 2019, certain of the Group's other receivables with an aggregate carrying amount of RMB12,450,000 (2018: RMB27,871,000) were pledged to banks to secure certain of the bank loans granted to the Group (note 28(a)(iv)).

As at 31 December 2019, included in the Group's other receivables are amounts due from joint ventures and associates of RMB18,921,859,000 (2018: RMB2,050,514,000) and RMB5,510,351,000 (2018: RMB3,603,615,000), respectively, which are unsecured, interest-free and repayable on demand.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2019 and 2018, the loss allowance was assessed to be minimal.

21. 持作銷售用途的物業

於2019年12月31日，本集團若干賬面總值為人民幣2,790,697,000元（2018年：人民幣810,533,000元）的持作銷售用途的物業已抵押予銀行以作為本集團獲授的若干銀行貸款的抵押（附註28(a)(iii)）。

22. 預付款、其他應收款項及其他資產

2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
2,732,722	2,553,729
31,011,916	13,158,901
33,744,638 (33,744,638)	15,712,630 (14,683,118)
—	1,029,512

上述資產概無逾期或減值。計入上述結餘的金融資產與近期並無拖欠記錄的應收款項有關。

於2019年12月31日，本集團若干賬面總值為人民幣12,450,000元（2018年：人民幣27,871,000元）的其他應收款項已抵押予銀行以作為本集團獲授的若干銀行貸款的抵押（附註28(a)(iv)）。

於2019年12月31日，本集團的其他應收款項包括應收合營公司及聯營公司款項分別為人民幣18,921,859,000元（2018年：人民幣2,050,514,000元）及人民幣5,510,351,000元（2018年：人民幣3,603,615,000元），有關款項為無抵押、免息及須於催繳時立刻償還。

計入上述結餘的金融資產與近期並無拖欠記錄的應收款項及逾期金額有關。於2019年及2018年12月31日，虧損撥備被評估為並不重大。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

23. RESTRICTED CASH, NON-PLEDGED
TIME DEPOSITS WITH ORIGINAL
MATURITY OF OVER THREE MONTHS
AND CASH AND CASH EQUIVALENTS

23. 受限制現金、始初期限超過
三個月之無抵押定期存款及
現金及現金等價物

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	35,511,269	29,279,350
Less: Restricted cash (note (c))	減：受限制現金（附註(c)）	(1,866,122)	(2,117,120)
Less: Non-pledged time deposits with original maturity of over three months	減：始初期限超過三個月之 無抵押定期存款	(5,189,418)	-
Cash and cash equivalents	現金及現金等價物	28,455,729	27,162,230

Notes:

- (a) Cash at banks earns interest at floating rates based on daily bank deposit rates.
- (b) At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB27,792,412,000 (2018: RMB23,300,991,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

附註：

- (a) 銀行存款根據每日銀行存款利率按浮息賺取利息。
- (b) 於報告期間結束時，本集團的現金及銀行結餘以人民幣計值，為人民幣27,792,412,000元（2018年：人民幣23,300,991,000元）。人民幣不可自由兌換為其他貨幣，然而，根據中國大陸的外匯管制條例及結匯、售匯及付匯管理規定，本集團獲批准透過授權進行外匯業務的銀行將人民幣兌換為其他貨幣。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

23. RESTRICTED CASH, NON-PLEDGED TIME DEPOSITS WITH ORIGINAL MATURITY OF OVER THREE MONTHS AND CASH AND CASH EQUIVALENTS (Continued)

Notes: (Continued)

(c) A summary of the restricted cash of the Group as at 31 December 2019 is as follows:

- (i) Certain property management companies of the Group are required to place part of their management fees received at banks as guarantee deposits for the public maintenance fund of the related properties. The deposits can only be used for the maintenance of the relevant properties. At 31 December 2019, such guarantee deposits amounted to RMB3,237,000 (2018: RMB2,064,000).
- (ii) As further detailed in note 42(a) to the financial statements, guarantee deposits of RMB309,282,000 (2018: RMB307,428,000) as at 31 December 2019 were pledged to banks which provide mortgages to the purchasers of the Group's properties, for potential default of mortgage loans advanced to property purchasers. Such guarantee deposits will be released after the property ownership certificates of the relevant properties have been passed to the banks.
- (iii) According to relevant loan facility agreements signed by certain subsidiaries of the Group with the banks, the subsidiaries are required to place the pre-sale proceeds of their properties at designated bank accounts. The deposits can only be used for the payment of property development costs incurred by the subsidiaries and the repayment of the relevant loans. At 31 December 2019, such deposits amounted to RMB1,299,218,000 (2018: RMB1,369,188,000).
- (iv) Certain subsidiaries of the Group are required to place certain amounts at specific bank accounts as guarantee deposits for the use of the loan proceeds. At 31 December 2019, the aggregate amount of such deposits was RMB254,385,000 (2018: RMB438,439,000) (note 28(a)(ix)).

23. 受限制現金、始初期限超過三個月之無抵押定期存款及現金及現金等價物(續)

附註：(續)

(c) 本集團於2019年12月31日的受限制現金概述如下：

- (i) 本集團若干物業管理公司須將部分數額的已收管理費存入銀行，作為有關物業公共維修基金的擔保按金。該等按金僅可用於有關物業的維修。於2019年12月31日，該等擔保按金為人民幣3,237,000元（2018年：人民幣2,064,000元）。
- (ii) 誠如財務報表附註42(a)所進一步詳述，於2019年12月31日，擔保按金人民幣309,282,000元（2018年：人民幣307,428,000元）已抵押予向本集團物業買家提供按揭之銀行，作為潛在物業買家拖欠支付按揭貸款的按金。該等擔保按金將於有關物業的房產證交予銀行後方可解除。
- (iii) 根據本集團若干附屬公司與其銀行簽署的相關貸款融資協議，該等附屬公司須將其物業的預售所得款項存入指定銀行賬戶。該等按金將僅可用於支付該等附屬公司產生的物業開發成本及償還相關貸款。於2019年12月31日，該等按金為人民幣1,299,218,000元（2018年：人民幣1,369,188,000元）。
- (iv) 本集團的若干附屬公司須於特定銀行賬戶存入若干金額作為擔保按金，以使用貸款所得款項。於2019年12月31日，該等按金總額為人民幣254,385,000元（2018年：人民幣438,439,000元）（附註28(a)(ix)）。

24. CONTRACT LIABILITIES

Contract liabilities represent sales proceeds received from buyers in connection with the Group's pre-sales of properties.

The decrease in balance of contract liabilities was mainly due to the sales recognised being partially offset by the pre-sales of properties during the year.

24. 合約負債

合約負債指就本集團預售物業而向買家收取的出售所得款項。

合約負債餘額減少主要是由於年內確認的銷售額部分被物業預售抵銷所致。

25. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the due date, is as follows:

25. 貿易應付款項

根據結算日期，於報告期間結束時的貿易應付款項的賬齡分析如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Due within 1 year or on demand	1年內或須於要求時償還	5,205,825	3,978,243
Due within 1 to 2 years	1至2年內須償還	4,577,216	2,878,830
		9,783,041	6,857,073

The trade payables are non-interest-bearing and unsecured.

貿易應付款項為不計息及無抵押。

26. OTHER PAYABLES AND ACCRUALS

26. 其他應付款項及應計費用

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Accruals	應計費用	1,747,139	1,590,277
Other payables	其他應付款項	34,342,913	21,369,830
		36,090,052	22,960,107

Included in the Group's other payables as at 31 December 2019 are amounts due to joint ventures, associates and non-controlling shareholders of the Group's subsidiaries of RMB9,644,263,000 (2018: RMB8,020,238,000), RMB3,562,761,000 (2018: RMB224,674,000) and RMB2,693,950,000 (2018: RMB1,405,897,000), respectively. These balances are unsecured, interest-free and have no fixed terms of repayment.

於2019年12月31日的本集團其他應付款項包括應付合營公司、聯營公司及本集團附屬公司的非控股股東的款項，分別為人民幣9,644,263,000元（2018年：人民幣8,020,238,000元）、人民幣3,562,761,000元（2018年：人民幣224,674,000元）及人民幣2,693,950,000元（2018年：人民幣1,405,897,000元）。該等結餘屬無抵押、免息且無固定還款期。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

26. OTHER PAYABLES AND ACCRUALS

(Continued)

Included in the Group's other payables as at 31 December 2019 were cooperation deposits of RMB10,576,173,000 (2018: RMB5,501,999,000) from independent third parties and RMB2,560,366,000 (2018: Nil) from related parties for proposed joint land bidding in the PRC.

Included in the Group's other payables as at 31 December 2019 was an amount of RMB400,000,000 (2018: RMB400,000,000) due to a company controlled by certain directors of the Company.

27. DERIVATIVE FINANCIAL INSTRUMENTS

26. 其他應付款項及應計費用 (續)

於2019年12月31日的本集團其他應付款項包括就計劃於中國聯合土地競標而應收獨立第三方的合作按金人民幣10,576,173,000元(2018年：人民幣5,501,999,000元)和應收關聯方的合作按金人民幣2,560,366,000元(2018年：無)。

於2019年12月31日，本集團其他應付款項包括應付本公司若干董事控制的一間公司的款項人民幣400,000,000元(2018年：人民幣400,000,000元)。

27. 衍生金融工具

		2019		2018	
		Assets	Liabilities	Assets	Liabilities
		資產	負債	資產	負債
		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
Cross-currency rate swap	交叉貨幣利率掉期	-	-	-	5,884
Forward currency contracts	遠期貨幣合約	55,627	-	-	-
		55,627	-	-	5,884

Note:

The balance represented the fair value of cross-currency rate swap and forward currency contracts entered with banks to mitigate its foreign exchange exposure. The swap and forward currency contracts have maturity term of one year.

附註：

結餘指為緩沖其外匯風險而與銀行訂立的交叉貨幣利率掉期及遠期貨幣合約的公平值。掉期及遠期貨幣合約的屆滿期為一年。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

28. INTEREST-BEARING BANK AND
OTHER BORROWINGS

28. 計息銀行及其他借貸

		2019			2018		
		Effective interest rate (%) 實際利率(%)	Maturity 到期日	RMB'000 人民幣千元	Effective interest rate (%) 實際利率(%)	Maturity 到期日	RMB'000 人民幣千元
Current	即期						
Bank loans – secured	銀行貸款－有抵押	3.17 – 7.60	2020	3,581,814	2.64 – 8.55	2019	2,870,825
Other loans – secured	其他貸款－有抵押	6.81 – 13.00	2020	4,030,960	5.39 – 11.50	2019	5,808,793
				<u>7,612,774</u>			<u>8,679,618</u>
Non-current	非即期						
Bank loans – unsecured	銀行貸款－無抵押			–	6.18	2021	300,000
Bank loans – secured	銀行貸款－有抵押	3.17 – 7.60	2021-2037	6,390,300	2.64 – 8.55	2020-2037	8,018,945
Other loans – secured	其他貸款－有抵押	6.81 – 13.00	2021-2030	3,207,756	5.39 – 10.50	2020-2027	4,149,100
				<u>9,598,056</u>			<u>12,468,045</u>
				<u>17,210,830</u>			<u>21,147,663</u>

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Analysed into:	分析如下：		
Bank loans repayable:	須償還銀行貸款的期限：		
Within one year or on demand	於1年內或應要求	3,581,814	2,870,825
In the second year	於第2年	2,597,090	3,458,832
In the third to fifth years, inclusive	於第3年至第5年 (包括首尾兩年)	2,802,489	4,295,069
Beyond five years	5年後	990,721	565,044
		<u>9,972,114</u>	<u>11,189,770</u>
Other loans repayable:	須償還其他貸款的期限：		
Within one year or on demand	於1年內或應要求	4,030,960	5,808,793
In the second year	於第2年	2,267,980	2,018,100
In the third to fifth years, inclusive	於第3年至第5年 (包括首尾兩年)	440,776	1,827,000
Beyond five years	5年後	499,000	304,000
		<u>7,238,716</u>	<u>9,957,893</u>
		<u>17,210,830</u>	<u>21,147,663</u>

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

28. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

- (a) Certain of the Group's bank and other borrowings are secured or guaranteed by:
- (i) mortgages over the Group's properties under development with an aggregate carrying amount at the end of the reporting period of approximately RMB12,053,788,000 (2018: RMB11,918,931,000) (note 20);
 - (ii) pledges over the Group's investment properties with an aggregate carrying amount at the end of the reporting period of approximately RMB6,503,560,000 (2018: RMB4,994,439,000) (note 14(a));
 - (iii) pledges over the Group's properties held for sale with an aggregate carrying amount at the end of the reporting period of approximately RMB2,790,697,000 (2018: RMB810,533,000) (note 21);
 - (iv) pledges over the Group's other receivables with an aggregate carrying amount at the end of the reporting period of approximately RMB12,450,000 (2018: RMB27,871,000) (note 22);
 - (v) pledges over the Group's land held for property development for sale with an aggregate carrying amount at the end of 31 December 2018 of approximately RMB1,338,353,000 (note 19);
 - (vi) pledges over the Group's property, plant and equipment with an aggregate carrying amount at the end of the reporting period of approximately RMB158,002,000 (2018: RMB319,063,000) (note 13);
 - (vii) pledges over the Group's equity interest in subsidiaries;
 - (viii) corporate guarantees executed by certain subsidiaries of the Company and the Company to the extent of RMB12,416,730,000 (2018: RMB13,175,667,000); and

28. 計息銀行及其他借貸 (續)

附註：

- (a) 本集團的若干銀行及其他借貸乃由以下方式抵押或擔保：
- (i) 本集團於報告期間結束時，賬面總值約為人民幣12,053,788,000元（2018年：人民幣11,918,931,000元）的在建物業的按揭（附註20）；
 - (ii) 本集團於報告期間結束時，賬面總值約為人民幣6,503,560,000元（2018年：人民幣4,994,439,000元）的投資物業的抵押（附註14(a)）；
 - (iii) 本集團於報告期間結束時，賬面總值約為人民幣2,790,697,000元（2018年：人民幣810,533,000元）的持作銷售用途的物業的抵押（附註21）；
 - (iv) 本集團於報告期間結束時，賬面總值約為人民幣12,450,000元（2018年：人民幣27,871,000元）的其他應收款項的抵押（附註22）；
 - (v) 本集團於2018年12月31日結束時，賬面總值約為人民幣1,338,353,000元的持作物業開發銷售用途的土地之抵押（附註19）；
 - (vi) 本集團於報告期間結束時，賬面總值約為人民幣158,002,000元（2018年：人民幣319,063,000元）的物業、廠房及設備的抵押（附註13）；
 - (vii) 本集團於若干附屬公司的股權的抵押；
 - (viii) 本公司若干附屬公司及本公司所簽署金額為人民幣12,416,730,000元（2018年：人民幣13,175,667,000元）的公司擔保；及

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

28. INTEREST-BEARING BANK AND
OTHER BORROWINGS (Continued)

Notes: (Continued)

(a) (Continued)

(ix) certain deposits with an aggregate amount of RMB254,385,000 (2018: RMB438,439,000) placed by certain subsidiaries of the Company at specific bank accounts as guarantee deposits for the use of the loan proceeds as at 31 December 2019 (note 23(c)(iv)).

(b) The Group's bank and other borrowings with carrying amounts of RMB11,745,187,000 (2018: RMB15,822,161,000), RMB1,239,776,000 (2018: RMB888,117,000) and RMB4,225,867,000 (2018: RMB4,437,385,000) are denominated in RMB, Hong Kong dollars and United States dollars, respectively.

28. 計息銀行及其他借貸 (續)

附註：(續)

(a) (續)

(ix) 本公司的若干附屬公司於2019年12月31日於特定銀行賬戶存入若干按金總額為人民幣254,385,000元(2018年：人民幣438,439,000元)作為擔保按金，以使用貸款所得款項(附註23(c)(iv))。

(b) 本集團以人民幣、港幣及美元計值的銀行及其他借貸之賬面值分別為人民幣11,745,187,000元(2018年：人民幣15,822,161,000元)、人民幣1,239,776,000元(2018年：人民幣888,117,000元)及人民幣4,225,867,000元(2018年：人民幣4,437,385,000元)。

29. CORPORATE BONDS

29. 公司債券

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Corporate bonds due in 2019	2019年到期的公司債券	—	5,000,000
Corporate bonds due in 2020	2020年到期的公司債券	3,000,000	3,000,000
Corporate bonds due in 2021	2021年到期的公司債券	3,000,000	3,000,000
Corporate bonds due in 2024	2024年到期的公司債券	3,500,000	—
		9,500,000	11,000,000
Portion classified as current liabilities	分類為流動負債的部分	(6,000,000)	(7,200,000)
Non-current portion	非即期部分	3,500,000	3,800,000

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Analysed into:	分析如下：		
Repayable:	須償還的期限：		
Within one year	於1年內	6,000,000	7,200,000
In the second year	於第2年	2,000,000	3,800,000
In the third to fifth years, inclusive	於第3年至第5年 (包括首尾兩年)	1,500,000	—
		9,500,000	11,000,000

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

29. CORPORATE BONDS (Continued)

Included in the above are bonds in an aggregate principal amount of:

- (i) RMB3,000,000,000 corporate bonds due in 2020 issued by a subsidiary of the Company in December 2015 (the "5.1% Corporate Bonds"). The 5.1% Corporate Bonds have a term of five years and bear interest at a rate of 5.1% per annum. The 5.1% Corporate Bonds are unsecured. In December 2018, the coupon rate was adjusted to 7.5% per annum. The 5.1% Corporate Bonds were classified as a current liability and non-current liability as at 31 December 2019 and 31 December 2018, respectively.
- (ii) RMB2,000,000,000 corporate bonds due in 2019 issued by a subsidiary of the Company in June 2016 (the "6.28% Corporate Bonds"). The 6.28% Corporate Bonds had a term of three years and bore interest at a rate of 6.28% per annum. The 6.28% Corporate Bonds were unsecured. In June 2018, the coupon rate was adjusted to 6.99% per annum. The 6.28% Corporate Bonds were classified as a current liability as at 31 December 2018. During the year, the Group has fully repaid the corporate bonds.
- (iii) RMB3,000,000,000 corporate bonds due in 2019 issued by the Company in September 2016 (the "5.3% Corporate Bonds"). The 5.3% Corporate Bonds had a term of three years and bore interest at a rate of 5.3% per annum. The 5.3% Corporate Bonds were unsecured. In September 2018, the coupon rate was adjusted to 7.7% per annum. The 5.3% Corporate Bonds were classified as a current liability as at 31 December 2018. During the year, the Group has fully repaid the corporate bonds.

29. 公司債券 (續)

上文包括以下本金總額的債券：

- (i) 本公司一間附屬公司於2015年12月發行2020年到期的人民幣3,000,000,000元的公司債券(「5.1厘公司債券」)。5.1厘公司債券為期五年，按每年5.1厘計息。5.1厘公司債券為無抵押。於2018年12月，票面利率調整為每年7.5厘。5.1厘公司債券於2019年12月31日及2018年12月31日分別分類為流動負債及非流動負債。
- (ii) 本公司一間附屬公司於2016年6月發行2019年到期的人民幣2,000,000,000元的公司債券(「6.28厘公司債券」)。6.28厘公司債券為期三年，按每年6.28厘計息。6.28厘公司債券為無抵押。於2018年6月，票面利率調整為每年6.99厘。6.28厘公司債券於2018年12月31日分類為流動負債。於年內，本集團已悉數償還該公司債券。
- (iii) 本公司於2016年9月發行2019年到期的人民幣3,000,000,000元的公司債券(「5.3厘公司債券」)。5.3厘公司債券為期三年，按每年5.3厘計息。5.3厘公司債券為無抵押。於2018年9月，票面利率調整為每年7.7厘。5.3厘公司債券於2018年12月31日分類為流動負債。於年內，本集團已悉數償還該公司債券。

29. CORPORATE BONDS (Continued)

- (iv) RMB1,000,000,000 corporate bonds due in 2021 issued by a subsidiary of the Company in August 2018 (the "7.85% Corporate Bonds I"). The 7.85% Corporate Bonds I have a term of three years and bear interest at a rate of 7.85% per annum. The 7.85% Corporate Bonds I are unsecured. At the end of the first and second year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group. In August 2019, the coupon rate was adjusted to 6.98% per annum. The 7.85% Corporate Bonds I were classified as a current liability as at 31 December 2019 and 31 December 2018.
- (v) RMB1,200,000,000 corporate bonds due in 2021 issued by a subsidiary of the Company in September 2018 (the "7.8% Corporate Bonds"). The 7.8% Corporate Bonds have a term of three years and bear interest at a rate of 7.8% per annum. The 7.8% Corporate Bonds are unsecured. At the end of the first and second year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group. In September 2019, the coupon rate was adjusted to 6.98% per annum. The 7.8% Corporate Bonds were classified as a current liability as at 31 December 2019 and 31 December 2018.
- (vi) RMB800,000,000 corporate bonds due in 2021 issued by a subsidiary of the Company in September 2018 (the "7.85% Corporate Bonds II"). The 7.85% Corporate Bonds II have a term of three years and bear interest at a rate of 7.85% per annum. The 7.85% Corporate Bonds II are unsecured. At the end of the second year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group. The 7.85% Corporate Bonds II were classified as a current liability and a non-current liability as at 31 December 2019 and 31 December 2018, respectively.

29. 公司債券 (續)

- (iv) 本公司一間附屬公司於2018年8月發行2021年到期的人民幣1,000,000,000元的公司債券(「7.85厘公司債券一」)。7.85厘公司債券一為期三年,按每年7.85厘計息。7.85厘公司債券一為無抵押。於首年及第二年末,本集團的附屬公司有權調整公司債券的票面利率,而債券持有人有權向本集團回售債券。於2019年8月,票面利率調整為每年6.98厘。7.85厘公司債券一於2019年12月31日及2018年12月31日分類為流動負債。
- (v) 本公司一間附屬公司於2018年9月發行2021年到期的人民幣1,200,000,000元的公司債券(「7.8厘公司債券」)。7.8厘公司債券為期三年,按每年7.8厘計息。7.8厘公司債券為無抵押。於首年及第二年末,本集團的附屬公司有權調整公司債券的票面利率,而債券持有人有權向本集團回售債券。於2019年9月,票面利率調整為每年6.98厘。7.8厘公司債券於2019年12月31日及2018年12月31日分類為流動負債。
- (vi) 本公司一間附屬公司於2018年9月發行2021年到期的人民幣800,000,000元的公司債券(「7.85厘公司債券二」)。7.85厘公司債券二為期三年,按每年7.85厘計息。7.85厘公司債券二為無抵押。於第二年末,本集團的附屬公司有權調整公司債券的票面利率,而債券持有人有權向本集團回售債券。7.85厘公司債券二於2019年12月31日及2018年12月31日分別分類為流動負債及非流動負債。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

29. CORPORATE BONDS (Continued)

- (vii) RMB2,000,000,000 corporate bonds due in 2024 issued by a subsidiary of the Company in April 2019 (the “6.5% Corporate Bonds”). The 6.5% Corporate Bonds have a term of five years and bear interest at a rate of 6.5% per annum. The 6.5% Corporate Bonds are unsecured. At the end of the second and fourth year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group. The 6.5% Corporate Bonds were classified as a non-current liability as at 31 December 2019.
- (viii) RMB1,500,000,000 corporate bonds due in 2024 issued by a subsidiary of the Company in April 2019 (the “7.5% Corporate Bonds”). The 7.5% Corporate Bonds have a term of five years and bear interest at a rate of 7.5% per annum. The 7.5% Corporate Bonds are unsecured. At the end of the third year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group. The 7.5% Corporate Bonds were classified as a non-current liability as at 31 December 2019.

29. 公司債券 (續)

- (vii) 本公司一間附屬公司於2019年4月發行2024年到期的人民幣2,000,000,000元的公司債券(「6.5厘公司債券」)。6.5厘公司債券為期五年，按每年6.5厘計息。6.5厘公司債券為無抵押。於第二年末和第四年末，本集團的附屬公司有權調整公司債券的票面利率，而債券持有人有權向本集團回售債券。6.5厘公司債券於2019年12月31日分類為非流動負債。
- (viii) 本公司一間附屬公司於2019年4月發行2024年到期的人民幣1,500,000,000元的公司債券(「7.5厘公司債券」)。7.5厘公司債券為期五年，按每年7.5厘計息。7.5厘公司債券為無抵押。於第三年末，本集團的附屬公司有權調整公司債券的票面利率，而債券持有人有權向本集團回售債券。7.5厘公司債券於2019年12月31日分類為非流動負債。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

30. SENIOR NOTES

30. 優先票據

		2019			2018		
		Effective interest rate (%) 實際利率(%)	Maturity 到期日	RMB'000 人民幣千元	Effective interest rate (%) 實際利率(%)	Maturity 到期日	RMB'000 人民幣千元
2018 Senior Notes – 6.9%	2018年優先票據 – 6.9%			–	7.03	2019	550,074
2019 Senior Notes – 5.5%	2019年優先票據 – 5.5%	6.92	2020	1,380,270			–
2019 Senior Notes – 6.9%	2019年優先票據 – 6.9%	6.90	2020	278,572			–
2016 Senior Notes – 6%	2016年優先票據 – 6%	6.26	2023	1,725,978	6.26	2023	1,702,082
2017 Senior Notes – 6%	2017年優先票據 – 6%	6.35	2022	2,421,251	6.35	2022	2,385,385
2018 Senior Notes – 6.375%	2018年優先票據 – 6.375%	6.76	2021	2,600,390	6.76	2021	2,560,664
2018 Senior Notes I – 7.9%	2018年優先票據一 – 7.9%			–	8.29	2021	1,364,853
2018 Senior Notes II – 7.9%	2018年優先票據二 – 7.9%	7.97	2021	2,452,632	7.96	2021	2,921,134
2019 Senior Notes – 8.625%	2019年優先票據 – 8.625%	9.40	2022	1,661,715			–
2019 Senior Notes I – 8.5%	2019年優先票據一 – 8.5%	8.81	2023	3,453,723			–
2019 Senior Notes II – 8.5%	2019年優先票據二 – 8.5%	8.85	2024	3,440,263			–
2019 Senior Notes – 6%	2019年優先票據 – 6%	7.74	2023	2,654,242			–
2019 Senior Notes – 8.375%	2019年優先票據 – 8.375%	8.63	2024	3,447,747			–
2019 Senior Notes – 8.3%	2019年優先票據 – 8.3%	8.56	2025	3,440,893			–
				28,957,676			11,484,192
Portion classified as current liabilities	分類為流動負債的部分			(1,658,842)			(550,074)
Non-current portion	非即期部分			27,298,834			10,934,118

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Analysed into:	分析如下:		
Repayable:	須償還的期限:		
Within one year or on demand	於1年內或應要求	1,658,842	550,074
In the second year	於第2年	5,053,022	–
In the third to fifth years, inclusive	於第3年至第5年 (包括首尾兩年)	18,804,919	10,934,118
Beyond five years	5年後	3,440,893	–
		28,957,676	11,484,192

Notes:

附註:

- (a) In October 2016, the Company issued the 2016 Senior Notes – 6% with an aggregate principal value of US\$250,000,000 (approximately RMB1,695,000,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$246,375,000 (approximately RMB1,670,000,000). The 2016 Senior Notes – 6% will mature on 25 October 2023.

- (a) 於2016年10月，本公司發行本金總值250,000,000美元(約人民幣1,695,000,000元)的2016年優先票據—6%。經扣除發行費用後的所得款項淨額約為246,375,000美元(約人民幣1,670,000,000元)。2016年優先票據—6%將於2023年10月25日到期。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

30. SENIOR NOTES (Continued)

Notes: (Continued)

- (b) In January 2017, the Company issued the 2017 Senior Notes – 6% with an aggregate principal value of US\$350,000,000 (approximately RMB2,410,271,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$343,700,000 (approximately RMB2,396,000,000). The 2017 Senior Notes – 6% will mature on 25 January 2022.
- (c) In February 2018, the Company issued 6.375% senior notes (the “2018 Senior Notes – 6.375%”) with an aggregate principal value of US\$375,000,000 (approximately RMB2,360,072,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$371,132,000 (approximately RMB2,335,729,000). The 2018 Senior Notes – 6.375% will mature on 6 March 2021.
- (d) In May 2018, the Company issued 7.9% senior notes (the “2018 Senior Notes I – 7.9%”) with an aggregate principal value of US\$200,000,000 (approximately RMB1,275,056,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$197,940,000 (approximately RMB1,261,923,000). In November 2019, the Company early redeemed in full the 2018 Senior Notes I – 7.9% at the redemption price of US\$215,800,000 (approximately RMB1,512,565,000) representing 107.9% of the principal amount together with all accrued and unpaid interest.
- (e) In July 2018, the Company issued 7.9% senior notes (the “2018 Senior Notes II – 7.9%”) with an aggregate principal value of US\$425,000,000 (approximately RMB2,668,148,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$424,368,000 (approximately RMB2,664,183,000). In November 2019, the Company early redeemed part of the 2018 Senior Notes II – 7.9% with a principal amount of US\$72,524,000 at the redemption price of US\$78,253,000 (approximately RMB544,981,000) representing 107.9% of the principal amount together with accrued and unpaid interest up to the redemption date. The remaining principal of 2018 Senior Notes II – 7.9% in the amount of US\$352,476,000 will mature on 11 May 2021.
- (f) In August 2018, the Company issued two 6.9% senior notes (the “2018 Senior Notes – 6.9%”) with an aggregate principal value of US\$80,000,000 (approximately RMB546,628,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$79,900,000 (approximately RMB545,945,000). The 2018 Senior Notes – 6.9% matured on 6 August 2019 and 20 August 2019. During the year, the Group has redeemed the senior notes.

30. 優先票據 (續)

附註：(續)

- (b) 於2017年1月，本公司發行本金總值350,000,000美元(約人民幣2,410,271,000元)的2017年優先票據—6%。經扣除發行費用後的所得款項淨額約為343,700,000美元(約人民幣2,396,000,000元)。2017年優先票據—6%將於2022年1月25日到期。
- (c) 於2018年2月，本公司發行本金總值375,000,000美元(約人民幣2,360,072,000元)的6.375%優先票據(「2018年優先票據—6.375%」)。經扣除發行費用後的所得款項淨額約為371,132,000美元(約人民幣2,335,729,000元)。2018年優先票據—6.375%將於2021年3月6日到期。
- (d) 於2018年5月，本公司發行本金總值200,000,000美元(約人民幣1,275,056,000元)的7.9%優先票據(「2018年優先票據—I—7.9%」)。經扣除發行費用後的所得款項淨額約為197,940,000美元(約人民幣1,261,923,000元)。於2019年11月，本公司提早悉數贖回2018年優先票據—I—7.9%，贖回價為215,800,000美元(約人民幣1,512,565,000元，相當於本金額的107.9%)連同所有應計而未付利息。
- (e) 於2018年7月，本公司發行本金總值425,000,000美元(約人民幣2,668,148,000元)的7.9%優先票據(「2018年優先票據—II—7.9%」)。經扣除發行費用後的所得款項淨額約為424,368,000美元(約人民幣2,664,183,000元)。於2019年11月，本公司提早贖回本金額72,524,000美元的部分2018年優先票據—II—7.9%，贖回價為78,253,000美元(約人民幣544,981,000元，相當於本金額的107.9%)連同截至贖回日期的應計而未付利息。2018年優先票據—II—7.9%的剩餘本金額352,476,000美元將於2021年5月11日到期。
- (f) 於2018年8月，本公司發行兩筆本金總值80,000,000美元(約人民幣546,628,000元)的6.9%優先票據(「2018年優先票據—6.9%」)。經扣除發行費用後的所得款項淨額約為79,900,000美元(約人民幣545,945,000元)。2018年優先票據—6.9%已於2019年8月6日及2019年8月20日到期。年內，本集團已贖回優先票據。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

30. SENIOR NOTES (Continued)

Notes: (Continued)

- (g) In January 2019, the Company issued 8.625% senior notes (the "2019 Senior Notes – 8.625%") with an aggregate principal value of US\$500,000,000 (approximately RMB3,373,600,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$494,901,000 (approximately RMB3,339,199,000). In December 2019, the Company early redeemed part of the 2019 Senior Notes – 8.625% with a principal amount of US\$257,931,000 at the redemption price of US\$280,178,000 (approximately RMB1,951,244,000) representing 108.625% of the principal amount together with accrued and unpaid interest up to the redemption date. The remaining principal of 2019 Senior Notes – 8.625% in the amount of US\$242,069,000 will mature on 23 January 2022.
- (h) In January 2019, the Company issued 8.5% senior notes (the "2019 Senior Notes I – 8.5%") with an aggregate principal value of US\$500,000,000 (approximately RMB3,354,050,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$494,912,000 (approximately RMB3,319,922,000). The 2019 Senior Notes I – 8.5% will mature on 4 February 2023.
- (i) In February 2019, the Company issued 8.5% senior notes (the "2019 Senior Notes II – 8.5%") with an aggregate principal value of US\$500,000,000 (approximately RMB3,351,195,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$493,000,000 (approximately RMB3,304,278,000). The 2019 Senior Notes II – 8.5% will mature on 26 February 2024.
- (j) In July 2019, the Company issued 6% senior notes (the "2019 Senior Notes – 6%") with an aggregate principal value of US\$400,000,000 (approximately RMB2,654,619,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$376,379,000 (approximately RMB2,497,859,000). The 2019 Senior Notes – 6% will mature on 25 October 2023.
- (k) In July 2019, the Company issued 5.5% senior notes (the "2019 Senior Notes – 5.5%") with an aggregate principal value of US\$200,000,000 (approximately RMB1,374,940,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$197,300,000 (approximately RMB1,356,378,000). The 2019 Senior Notes – 5.5% will mature on 30 June 2020.

30. 優先票據 (續)

附註：(續)

- (g) 於2019年1月，本公司發行本金總值500,000,000美元(約人民幣3,373,600,000元)的8.625%優先票據(「2019年優先票據—8.625%」)。經扣除發行費用後的所得款項淨額約為494,901,000美元(約人民幣3,339,199,000元)。於2019年12月，本公司提早贖回本金額257,931,000美元的部分2019年優先票據—8.625%，贖回價為280,178,000美元(約人民幣1,951,244,000元，相當於本金額的108.625%)連同截至贖回日期的應計而未付利息。2019年優先票據—8.625%的剩餘本金額242,069,000美元將於2022年1月23日到期。
- (h) 於2019年1月，本公司發行本金總值500,000,000美元(約人民幣3,354,050,000元)的8.5%優先票據(「2019年優先票據—8.5%」)。經扣除發行費用後的所得款項淨額約為494,912,000美元(約人民幣3,319,922,000元)。2019年優先票據—8.5%將於2023年2月4日到期。
- (i) 於2019年2月，本公司發行本金總值500,000,000美元(約人民幣3,351,195,000元)的8.5%優先票據(「2019年優先票據二—8.5%」)。經扣除發行費用後的所得款項淨額約為493,000,000美元(約人民幣3,304,278,000元)。2019年優先票據二—8.5%將於2024年2月26日到期。
- (j) 於2019年7月，本公司發行本金總值400,000,000美元(約人民幣2,654,619,000元)的6%優先票據(「2019年優先票據—6%」)。經扣除發行費用後的所得款項淨額約為376,379,000美元(約人民幣2,497,859,000元)。2019年優先票據—6%將於2023年10月25日到期。
- (k) 於2019年7月，本公司發行本金總值200,000,000美元(約人民幣1,374,940,000元)的5.5%優先票據(「2019年優先票據—5.5%」)。經扣除發行費用後的所得款項淨額約為197,300,000美元(約人民幣1,356,378,000元)。2019年優先票據—5.5%將於2020年6月30日到期。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

30. SENIOR NOTES (Continued)

Notes: (Continued)

- (l) In July 2019, the Company issued 6.9% senior notes (the "2019 Senior Notes – 6.9%") with an aggregate principal value of US\$40,000,000 (approximately RMB265,462,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$39,999,000 (approximately RMB265,461,000). The 2019 Senior Notes – 6.9% will mature on 10 July 2020.
- (m) In October 2019, the Company issued 8.375% senior notes (the "2019 Senior Notes – 8.375%") with an aggregate principal value of US\$500,000,000 (approximately RMB3,504,550,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$494,902,000 (approximately RMB3,468,821,000). The 2019 Senior Notes – 8.375% will mature on 30 October 2024.
- (n) In November 2019, the Company issued 8.3% senior notes (the "2019 Senior Notes – 8.3%") with an aggregate principal value of US\$500,000,000 (approximately RMB3,514,991,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$494,000,000 (approximately RMB3,472,811,000). The 2019 Senior Notes – 8.3% will mature on 27 May 2025.
- (o) The Company, at its option, can redeem all or a portion of the senior notes at any time prior to the maturity date at the redemption prices (principal amount plus applicable premium) plus accrued and unpaid interest up to the redemption date, as set forth in the written agreements between the Company and the trustees of the senior notes.
- (p) The senior notes of the Group are denominated in United States dollars and are secured by pledges over the equity interests of certain subsidiaries of the Company.

30. 優先票據 (續)

附註：(續)

- (l) 於2019年7月，本公司發行本金總值40,000,000美元（約人民幣265,462,000元）的6.9%優先票據（「2019年優先票據—6.9%」）。經扣除發行費用後的所得款項淨額約為39,999,000美元（約人民幣265,461,000元）。2019年優先票據—6.9%將於2020年7月10日到期。
- (m) 於2019年10月，本公司發行本金總值500,000,000美元（約人民幣3,504,550,000元）的8.375%優先票據（「2019年優先票據—8.375%」）。經扣除發行費用後的所得款項淨額約為494,902,000美元（約人民幣3,468,821,000元）。2019年優先票據—8.375%將於2024年10月30日到期。
- (n) 於2019年11月，本公司發行本金總值500,000,000美元（約人民幣3,514,991,000元）的8.3%優先票據（「2019年優先票據—8.3%」）。經扣除發行費用後的所得款項淨額約為494,000,000美元（約人民幣3,472,811,000元）。2019年優先票據—8.3%將於2025年5月27日到期。
- (o) 按本公司與優先票據受託人訂定的書面協議所載，本公司可在到期日前隨時以贖回價（即本金額加適用溢價）加截至贖回日期的應計而未付利息酌情贖回全部或部分優先票據。
- (p) 本集團的優先票據以美元計值及以本公司若干附屬公司的股權作抵押。

31. PROVISION FOR LAND APPRECIATION TAX

31. 土地增值稅撥備

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
At 1 January	於1月1日	1,962,590	1,505,218
Charged to profit or loss during the year (note 10)	年內於損益扣除(附註10)	1,342,691	1,438,481
Payment during the year	年內付款	(1,076,715)	(981,109)
At 31 December	於12月31日	2,228,566	1,962,590

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities may disagree with the basis on which the provision for LAT is calculated.

根據自1994年1月1日起生效的《中華人民共和國土地增值稅暫行條例》及自1995年1月27日起生效的《中華人民共和國土地增值稅暫行條例實施細則》的規定，在中國大陸出售或轉讓國有土地使用權、樓宇及其附帶設施產生的所有收益，須按介乎增值價值的30%至60%的累進稅率繳納土地增值稅，若增值價值不超過全部可扣稅項目總和的20%，則普通標準住宅的銷售可豁免繳納土地增值稅。

本集團已根據相關中國稅務法例法規所載規定，估計、作出及在稅項內計入土地增值稅撥備。實際的土地增值稅負債須待物業開發項目竣工後，由稅務當局釐定，而稅務當局可能不同意本集團計算土地增值稅撥備的基準。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

32. DEFERRED TAX

Net deferred tax assets and liabilities recognised in the consolidated statement of financial position are as follows:

32. 遞延稅項

於綜合財務狀況表中確認的遞延稅項資產及負債淨額如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Deferred tax assets recognised in the consolidated statement of financial position	於綜合財務狀況表中確認的遞延稅項資產	907,607	742,157
Deferred tax liabilities recognised in the consolidated statement of financial position	於綜合財務狀況表中確認的遞延稅項負債	(2,459,289)	(1,910,360)
		(1,551,682)	(1,168,203)

32. DEFERRED TAX (Continued)

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

32. 遞延稅項 (續)

年內，遞延稅項資產及負債的變動如下：

遞延稅項資產

		Arising from provision for LAT	Fair value adjustments arising from acquisition of subsidiaries	Tax losses	Total
		產生自土地 增值稅撥備 RMB'000 人民幣千元	收購附屬 公司產生之 公允值調整 RMB'000 人民幣千元	稅項虧損 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2018	於2018年1月1日	476,304	49,770	–	526,074
Credited/(charged) to profit or loss during the year (note 10)	年內計入損益／ (自損益扣除) (附註10)	(29,839)	–	198,071	168,232
Acquisition of subsidiaries (note 38(b))	收購附屬公司 (附註38(b))	–	47,851	–	47,851
At 31 December 2018 and 1 January 2019	於2018年12月31日及 2019年1月1日	446,465	97,621	198,071	742,157
Credited to profit or loss during the year (note 10)	年內計入損益 (附註10)	148,584	–	129,530	278,114
Acquisition of subsidiaries (note 38(b))	收購附屬公司 (附註38(b))	–	58,607	–	58,607
Disposal of subsidiaries (note 40(a))	出售附屬公司 (附註40(a))	–	(47,851)	(123,502)	(171,353)
Exchange realignment	匯兌調整	–	82	–	82
At 31 December 2019	於2019年12月31日	595,049	108,459	204,099	907,607

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財務報表附註(續)

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32. DEFERRED TAX (Continued)

Deferred tax liabilities

32. 遞延稅項 (續)

遞延稅項負債

		Arising from revaluation on investment properties	Fair value adjustments arising from acquisition of subsidiaries	Total
		產生自投資 物業重估 RMB'000 人民幣千元	產生之 公允值調整 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2018	於2018年1月1日	990,731	34,722	1,025,453
(Credited)/charged to profit or loss during the year (note 10)	年內(計入損益)／ 自損益扣除(附註10)	41,458	(232,665)	(191,207)
Acquisition of subsidiaries (note 38(b))	收購附屬公司(附註38(b))	—	1,077,131	1,077,131
Disposal of a subsidiary upon loss of control (note 40(b))	於失去控制權時出售 附屬公司(附註40(b))	—	(1,017)	(1,017)
At 31 December 2018 and 1 January 2019	於2018年12月31日及 2019年1月1日	1,032,189	878,171	1,910,360
(Credited)/charged to profit or loss during the year (note 10)	年內(計入損益)／ 自損益扣除(附註10)	150,137	(130,105)	20,032
Acquisition of subsidiaries (note 38(b))	收購附屬公司(附註38(b))	—	527,206	527,206
Disposal of subsidiaries (note 40(a))	出售附屬公司(附註40(a))	1,859	—	1,859
Exchange realignment	匯兌調整	(168)	—	(168)
At 31 December 2019	於2019年12月31日	1,184,017	1,275,272	2,459,289

The Group had unutilised tax losses of approximately RMB2,296,702,000 as at 31 December 2019 (2018: RMB2,052,966,000) that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the tax entity in which the losses arose. Deferred tax assets have not been recognised in respect of certain of these losses of RMB1,480,308,000 (2018: RMB1,260,680,000) 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 these tax losses can be utilised.

本集團於2019年12月31日的未動用稅項虧損約為人民幣2,296,702,000元(2018年：人民幣2,052,966,000元)，該等稅項虧損可由虧損出現的年度起結轉五年，以抵銷出現虧損的稅項實體未來的應課稅利潤。由於虧損由蒙受虧損多時的附屬公司產生，且本集團認為不大可能有可利用稅項虧損抵銷的應課稅利潤，故並無就若干該等虧損人民幣1,480,308,000元(2018年：人民幣1,260,680,000元)確認遞延稅項資產。

32. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

Pursuant to the New 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. 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 31 December 2019 and 2018, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will settle any dividends declared on such earnings in the foreseeable future. The aggregate amount of temporary differences associated with interests in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB25,358,846,000 as at 31 December 2019 (2018: RMB24,284,705,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

32. 遞延稅項 (續)

遞延稅項負債 (續)

根據新企業所得稅法，在中國大陸成立的外資企業向外國投資者宣派的股息須繳納10%的預扣稅。該規定自2008年1月1日起生效，並對2007年12月31日後獲得的盈利適用。倘中國大陸與該等外國投資者所在司法權區有簽訂稅務條約，則可按較低稅率繳納預扣稅。因此，本集團須就該等在中國大陸成立的附屬公司自2008年1月1日起獲得的盈利宣派的股息繳納預扣稅。

於2019年及2018年12月31日，並無就本集團於中國大陸成立的附屬公司應付的未匯出盈利（須繳納預扣稅）所產生的預扣稅確認遞延稅項。董事認為，該等附屬公司於可見將來不大可能償付就有關盈利宣派的任何股息。於2019年12月31日，並未就與中國大陸附屬公司權益有關的暫時差額確認遞延稅項負債的總額合共約為人民幣25,358,846,000元（2018年：人民幣24,284,705,000元）。

本公司向其股東派付股息並未對所得稅構成影響。

Notes to Financial Statements (Continued)

財務報表附註(續)

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33. SHARE CAPITAL

Shares

33. 股本

股份

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Authorised:	法定：		
100,000,000,000 ordinary shares of HK\$0.1 each	100,000,000,000股每股面值港幣0.1元的普通股	8,813,679	8,813,679
Issued and fully paid:	已發行及繳足：		
5,221,550,662 (2018: 4,800,341,335) ordinary shares of HK\$0.1 each	5,221,550,662股(2018年：4,800,341,335股)每股面值港幣0.1元的普通股	447,146	410,035

A summary of movements in the Company's share capital and share premium account is as follows:

本公司之股本及股份溢價賬變動概述如下：

		Number of shares in issue 已發行股份數目	Issued capital 已發行股本 RMB'000 人民幣千元	Share premium account 股份溢價賬 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	4,185,020,959	355,982	1,044,202	1,400,184
Issue of shares in connection with the exercise of share options (note (a))	就行使購股權發行股份(附註(a))	5,899,600	503	10,276	10,779
Issue of shares (note (b))	發行股份(附註(b))	460,489,606	40,463	1,561,873	1,602,336
Repurchase of shares (note (d))	購回股份(附註(d))	(4,000,000)	(351)	(9,568)	(9,919)
Final 2017 dividend	2017年末期股息	-	-	(780,314)	(780,314)
Issue of shares for scrip dividend (note (e))	就以股代息發行股份(附註(e))	152,931,170	13,438	348,313	361,751
Interim 2018 dividend	2018年中期股息	-	-	(403,551)	(403,551)
At 31 December 2018 and 1 January 2019	於2018年12月31日及2019年1月1日	4,800,341,335	410,035	1,771,231	2,181,266
Issue of shares in connection with the exercise of share options (note (c))	就行使購股權發行股份(附註(c))	14,033,600	1,214	25,154	26,368
Final 2018 dividend	2018年末期股息	-	-	(842,506)	(842,506)
Issue of shares for scrip dividend (note (e))	就以股代息發行股份(附註(e))	407,175,727	35,897	1,146,864	1,182,761
Interim 2019 dividend and special interim dividend	2019年中期股息及特別中期股息	-	-	(636,666)	(636,666)
At 31 December 2019	於2019年12月31日	5,221,550,662	447,146	1,464,077	1,911,223

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33. SHARE CAPITAL (Continued)

Notes:

- (a) For the year ended 31 December 2018, the Company issued a total of 5,899,600 shares at issue prices ranging from HK\$1.875 to HK\$1.93 per share pursuant to the exercise of options granted under the share option scheme of the Company, resulting in the issue of 5,899,600 shares of HK\$0.1 each for a total consideration, before expenses, of HK\$11,141,360. A total of RMB984,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.
- (b) In September 2018, an aggregate of 460,489,606 ordinary shares were issued at the placing price of HK\$3.96 per share for a cash consideration of HK\$1,824 million (RMB1,588 million) before share issue expenses of approximately HK\$1 million (RMB1 million).
- (c) For the year ended 31 December 2019, the Company issued a total of 14,033,600 shares at an issue price ranged HK\$1.812 to HK\$1.93 per share pursuant to the exercise of options granted under the share option scheme of the Company, resulting in the issue of 14,033,600 shares of HK\$0.1 each for a total consideration, before expenses, of HK\$26,111,000. A total of RMB3,490,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.
- (d) Pursuant to section 37(3) of the Companies Law of the Cayman Islands, an amount equivalent to the fair value of the shares repurchased and cancelled of HK\$11,288,837 (equivalent to approximately RMB9,919,000) was transferred out from share capital and share premium during the year ended 31 December 2018.
- (e) During the year ended 31 December 2019, 217,160,063 and 190,015,664 (2018: 15,931,170) ordinary shares of HK\$0.10 each in the Company were issued at HK\$3.658 and HK\$3.202 (2018: HK\$2.693) per share respectively as scrip dividend.

33. 股本 (續)

附註：

- (a) 截至2018年12月31日止年度，本公司因本公司購股權計劃授出的購股權獲行使，以介乎每股港幣1.875元至港幣1.93元的發行價發行合共5,899,600股股份，致使以總代價（未扣除開支）港幣11,141,360元，發行5,899,600股每股面值港幣0.1元的股份。於行使購股權時，合共人民幣984,000元由購股權儲備轉移至股份溢價賬。
- (b) 於2018年9月，本公司按配售價每股股份港幣3.96元發行合共460,489,606股普通股，以換取現金代價港幣18.24億元（人民幣15.88億元）（未扣除股份發行開支約港幣0.01億元（人民幣0.01億元））。
- (c) 截至2019年12月31日止年度，本公司因本公司購股權計劃授出的購股權獲行使，以介乎每股港幣1.812元至港幣1.93元的發行價發行合共14,033,600股股份，致使以總代價（未扣除開支）港幣26,111,000元，發行14,033,600股每股面值港幣0.1元的股份。於行使購股權時，合共人民幣3,490,000元由購股權儲備轉移至股份溢價賬。
- (d) 根據開曼群島公司法第37(3)條，於截至2018年12月31日止年度，相當於所購回及註銷股份公允值的金額港幣11,288,837元（相當於約人民幣9,919,000元）自股本及股份溢價轉出。
- (e) 截至2019年12月31日止年度，本公司分別按每股港幣3.658元及港幣3.202元（2018年：港幣2.693元）發行217,160,063股及190,015,664股（2018年：15,931,170股）每股面值港幣0.10元的普通股以股代息。

Notes to Financial Statements (Continued)

財務報表附註(續)

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33. SHARE CAPITAL (Continued)

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 34 to the financial statements.

34. SHARE OPTION SCHEME

The Company operates a share option scheme (the "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 and other employees of the Group. The Scheme became effective on 24 May 2010 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 Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. 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.

33. 股本 (續)

購股權

本公司購股權計劃及根據計劃發行之購股權的詳情載於財務報表附註34。

34. 購股權計劃

本公司設有一項購股權計劃(「該計劃」)，旨在向為本集團業務之成功作出貢獻之合資格參與者提供獎勵及報酬。該計劃之合資格參與者包括本公司董事及本集團其他僱員。該計劃於2010年5月24日起生效，除非獲取消或修訂，否則將由該日起計十年內保持有效。

根據該計劃現時可授出的尚未行使購股權之最高數目為相等於獲行使時佔本公司於任何時間之已發行股份10%之數目。在任何12個月期間內授予該計劃之每位合資格參與者之購股權之可予發行股份最高數目，以本公司於任何時間之已發行股份1%為限。凡進一步授出超逾此限額之購股權須在股東大會上獲股東批准。

授予本公司董事、行政總裁或主要股東或彼等任何聯繫人之購股權須經獨立非執行董事事先批准。此外，於任何十二個月期間內，倘授予本公司主要股東或獨立非執行董事或彼等任何聯繫人之任何購股權超逾本公司任何時候之已發行股份0.1%或根據於授出日期本公司股份價格計算之總值超過港幣5,000,000元，則須經股東於股東大會上事先批准。

34. SHARE OPTION SCHEME (Continued)

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Hong Kong Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Hong Kong Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

34. 購股權計劃 (續)

授出購股權之要約可於要約日期起計二十八天內由承授人支付名義代價合共港幣1元後予以接納。所授出購股權之行使期乃由董事釐定，並於歸屬期後開始，及於不遲於購股權要約日期起計十年或該計劃屆滿日期完結（以較早者為準）。

購股權之行使價由董事釐定，惟不得低於以下之較高者：(i)本公司股份於購股權要約日期在香港聯交所之收市價；及(ii)本公司股份於緊接要約日期前五個交易日在香港聯交所之平均收市價。

購股權並不賦予持有人收取股息或於股東大會投票之權利。

以下為於年內該計劃項下尚未行使之購股權：

		2019		2018	
		Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
		加權平均行使價	購股權數目	加權平均行使價	購股權數目
		HK\$		HK\$	
		per share		per share	
		每股港幣元		每股港幣元	
At 1 January	於1月1日	3.278	96,927,280	2.150	84,662,880
Granted during the year	年內授出	3.650	45,270,000	5.880	36,860,000
Forfeited during the year	年內沒收	4.147	(16,180,960)	3.722	(18,696,000)
Exercised during the year	年內行使	1.861	(14,033,600)	1.888	(5,899,600)
At 31 December	於12月31日	3.480	111,982,720	3.278	96,927,280

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財務報表附註(續)

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34. SHARE OPTION SCHEME (Continued)

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

34. 購股權計劃 (續)

於報告期間結束時尚未行使之購股權之行使價及行使期間如下：

Number of options 購股權數目		Exercise price HK\$ per share 行使價每股港幣元	Exercise period 行使期間
2019	2018		
161,280	175,680	1.875	01-01-2016 to 31-12-2022
296,800	516,800	1.930	01-01-2017 to 31-12-2023
292,000	344,000	1.892	21-01-2018 to 20-01-2025
2,660,920	11,282,400	1.875	01-01-2018 to 31-12-2022
594,300	1,618,200	1.930	01-01-2019 to 31-12-2023
898,000	5,234,000	1.812	27-01-2019 to 27-01-2026
12,606,120	12,636,000	1.875	01-01-2020 to 31-12-2022
3,031,500	3,055,500	1.892	21-01-2020 to 20-01-2025
6,628,000	7,188,000	2.620	26-01-2020 to 26-01-2027
1,000,000	1,000,000	4.550	20-07-2020 to 21-07-2027
1,572,300	1,618,200	1.930	01-01-2021 to 31-12-2023
9,648,000	11,628,000	5.880	25-01-2021 to 25-01-2028
3,676,500	3,925,500	1.812	27-01-2021 to 27-01-2026
3,031,500	3,055,500	1.892	21-01-2022 to 20-01-2025
14,518,000	—	3.650	24-01-2022 to 24-01-2029
4,971,000	5,391,000	2.620	26-01-2022 to 26-01-2027
750,000	750,000	4.550	20-07-2022 to 21-01-2027
7,236,000	8,721,000	5.880	25-01-2023 to 25-01-2028
3,676,500	3,925,500	1.812	27-01-2023 to 27-01-2026
10,888,500	—	3.650	24-01-2024 to 24-01-2029
4,971,000	5,391,000	2.620	26-01-2024 to 26-01-2027
750,000	750,000	4.550	26-07-2024 to 20-07-2027
7,236,000	8,721,000	5.880	25-01-2025 to 25-01-2028
10,888,500	—	3.650	24-01-2026 to 24-01-2029
111,982,720	96,927,280		

Notes:

- (a) The fair value of the share options granted during the year was HK\$22,748,000 (range from RMB0.396 to RMB0.461 each) (2018: HK\$35,805,000 (range from RMB0.730 to RMB0.831 each)), of which the Group recognised a share option expense of RMB12,160,000 (2018: RMB7,652,000) during the year ended 31 December 2019.

附註：

- (a) 年內授出的購股權公允值為港幣22,748,000元（介乎每份人民幣0.396元至人民幣0.461元）（2018年：港幣35,805,000元（介乎每份人民幣0.730元至人民幣0.831元）），就此，本集團於截至2019年12月31日止年度確認購股權開支人民幣12,160,000元（2018年：人民幣7,652,000元）。

Notes to Financial Statements (Continued)
財務報表附註(續)

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34. SHARE OPTION SCHEME (Continued)

Notes: (Continued)

(a) (Continued)

The fair value of equity-settled share options granted during the current year was estimated as at the date of grant, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

		2019	2018
Dividend yield (%)	股息率(%)	8.200	5.900
Expected volatility (%)	預期波幅(%)	32.000	30.000
Historical volatility (%)	歷史波幅(%)	32.000	30.000
Risk-free interest rate (%)	無風險利率(%)	2.010	1.982
Expected life of options (year)	購股權的估計年期(年)	10.000	10.000
Weighted average share price (HK\$)	加權平均股價(港幣元)	3.650	5.880

The expected life of the options is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility 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.

(b) At the end of the reporting period, the Company had 111,982,720 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 111,982,720 additional ordinary shares of the Company and additional share capital of appropriately RMB9,873,000 and share premium of RMB333,736,000 (before issue expenses).

34. 購股權計劃 (續)

附註：(續)

(a) (續)

於本年度授出的股本結算購股權的公允值乃於授出當日經考慮授出購股權的條款及條件予以估計。下表載列所採用模型的參數：

購股權的預期年期未必顯示可能出現的行使規律。預期波幅反映歷史波幅可顯示未來趨勢的假設，但亦未必為實際結果。

計量公允值時並無計及已授出購股權之其他特性。

(b) 於報告期間結束時，本公司於該計劃項下有 111,982,720 份購股權未獲行使。根據本公司現時資本架構，悉數行使尚未行使購股權將導致額外發行 111,982,720 股本公司普通股及產生額外股本約人民幣 9,873,000 元及股份溢價人民幣 333,736,000 元（未扣除發行開支）。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

34. SHARE OPTION SCHEME (Continued)

Notes: (Continued)

(b) (Continued)

Subsequent to the end of the reporting period, on 22 January 2020, a total of 64,208,000 share options were granted to certain directors of the Company and employees of the Group in respect of their services to the Group in the forthcoming year. 40%, 30% and 30% of the share options will be vested on 22 January 2023, 22 January 2025 and 22 January 2027, respectively. These share options have an exercise price of HK\$4.274 per share and an exercise period from 22 January 2023 to 22 January 2030. The price of the Company's shares at the date of grant was HK\$4.10 per share.

At the date of approval of these financial statements, the Company had 172,020,720 share options outstanding under the Scheme, which represented approximately 3.29% of the Company's shares in issue as at that date.

35. 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.

(i) Statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Group's subsidiaries established in the PRC, and were approved by the respective boards of directors.

(ii) Capital reserve

Certain amount of gain or loss arising from the acquisition of non-controlling interests and disposal of the Group's subsidiaries without loss of control was recognised as capital reserve.

34. 購股權計劃 (續)

附註：(續)

(b) (續)

於報告期間結束後，於2020年1月22日，本集團就本公司若干董事及本集團僱員來年服務本集團向彼等授出合共64,208,000份購股權。該等購股權之40%、30%及30%將分別於2023年1月22日、2025年1月22日及2027年1月22日歸屬。該等購股權之行使價為每股股份港幣4.274元，行使期介乎2023年1月22日至2030年1月22日。本公司股份於授出日期之價格為每股港幣4.10元。

於該等財務報表獲批准之日，本公司有172,020,720份該計劃項下尚未行使購股權，相當於本公司當日已發行股份約3.29%。

35. 儲備

本集團於本年度及過往年度的儲備金額及其變動列載於綜合權益變動表。

(i) 法定盈餘儲備

自保留利潤轉撥至法定盈餘儲備乃根據中國相關規則和法規以及本集團在中國成立的附屬公司的組織章程細則作出，並經由各自的董事會批准。

(ii) 資本儲備

因收購非控股權益及出售本集團附屬公司（未喪失控制權）而產生的若干數額收益或虧損被確認為資本儲備。

36. SENIOR PERPETUAL SECURITIES

On 29 September 2017, the Company issued senior perpetual securities with a principal amount of US\$300,000,000 (equivalent to approximately RMB1,911,986,000).

The securities confer the holders a right to receive distributions at the applicable distribution rate of 5.375% per annum from and including 29 March 2018, payable semi-annually on 29 March and 29 September of each year. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. Unless and until the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount, the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buy-back or acquire for any consideration any share capital thereof. The securities may be redeemed at the option of the Company, in whole but not in part.

In the opinion of the directors, the Company is able to control the delivery of cash or other financial assets to the holders of the senior perpetual securities due to redemption other than an unforeseen liquidation of the Company. Accordingly, the senior perpetual securities are classified as equity instruments of the Company.

36. 高級永續證券

於2017年9月29日，本公司發行高級永續證券，本金金額為300,000,000美元（相等於約人民幣1,911,986,000元）。

該等證券賦予持有人權利自2018年3月29日起（包括該日）以適用分派率每年5.375%收取分派，於各年3月29日及9月29日每半年派付。本公司酌情釐定可選擇根據證券條款延後分派。除非及直至本公司悉數償付分派的所有尚未償還欠款及任何額外分派金額，本公司不得就當中任何股本宣派或派付任何股息、分派或作出付款，並將促使不會就有關股本派付股息或作出其他付款，或為任何代價贖回、減少、註銷、購回或收購。該等證券可按本公司選擇全部或部分贖回。

董事認為，本公司有能力控制因贖回證券而非預料之外的清盤交付現金或其他金融資產予高級永續證券持有人。因此，高級永續證券分類作本公司權益工具。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

37. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

37. 擁有重大非控股權益的非全資附屬公司

擁有重大非控股權益的本集團附屬公司詳情載列如下：

		2019	2018
Percentage of equity interest held by non-controlling interests:	由非控股權益持有的股權百分比：		
Nanjing Shunhong	南京舜鴻	49%	49%
		2019 RMB'000 人民幣千元	2018 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度利潤／（虧損）：		
Nanjing Shunhong	南京舜鴻	175,642	(4,880)
Accumulated balances of non-controlling interests at reporting dates:	由非控股權益於報告日期持有的累計餘額：		
Nanjing Shunhong	南京舜鴻	230,398	54,756

37. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

Nanjing Shunhong

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Revenue	收入	1,591,512	—
Total expenses	開支總額	(1,233,059)	(9,959)
Profit/(loss) for the year	年內利潤／(虧損)	358,453	(9,959)
Total comprehensive income/(loss) for the year	年度全面收益／(虧損)總額	358,453	(9,959)
Current assets	流動資產	811,578	2,780,758
Non-current assets	非流動資產	107,625	38
Current liabilities	流動負債	(449,003)	(2,669,049)
Net cash flows used in operating activities	經營活動所用現金流量淨額	(161,250)	(30,398)
Net cash flows used in financing activities	融資活動所用現金流量淨額	(127,200)	(320,000)
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(228,450)	(350,398)

37. 擁有重大非控股權益的非全資附屬公司(續)

下表列示上述附屬公司之財務資料概要。所披露金額為扣除任何集團內公司間的抵銷前的金額：

南京舜鴻

		2019	2018
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Revenue	收入	1,591,512	—
Total expenses	開支總額	(1,233,059)	(9,959)
Profit/(loss) for the year	年內利潤／(虧損)	358,453	(9,959)
Total comprehensive income/(loss) for the year	年度全面收益／(虧損)總額	358,453	(9,959)
Current assets	流動資產	811,578	2,780,758
Non-current assets	非流動資產	107,625	38
Current liabilities	流動負債	(449,003)	(2,669,049)
Net cash flows used in operating activities	經營活動所用現金流量淨額	(161,250)	(30,398)
Net cash flows used in financing activities	融資活動所用現金流量淨額	(127,200)	(320,000)
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(228,450)	(350,398)

38. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of subsidiaries that do not constitute businesses

(i) In the current year

In January 2019, the Group entered into an equity transfer agreement with an independent third party for the acquisition of 90% equity interests in Kaifeng Yuhecheng Real Estate Co., Ltd. ("Kaifeng Yuhecheng") at an aggregate consideration of approximately RMB605 million. Up to the date of the acquisition, Kaifeng Yuhecheng has not carried on any significant business transactions except for holding land parcels in Zhengzhou. Accordingly, the transaction is not accounted for as a business combination but an acquisition of an asset. The acquisition was completed in the current year and Kaifeng Yuhecheng has become a non-wholly-owned subsidiary of the Group. The consideration was fully settled during the year.

In March 2019, the Group entered into a sale and purchase agreement with a company wholly-owned by Ms. Kwok, pursuant to which the Group has agreed to purchase the entire equity interest of The Center (58) Limited ("The Center (58)") whose principal asset is a property located in Hong Kong at a consideration of HK\$899 million (approximately RMB767 million). Up to the date of the acquisition, the subsidiary has not carried on any significant business transactions except for holding an office property in Hong Kong. Accordingly, the transaction is not accounted for as a business combination but acquisition of an asset. The property acquired was classified as an investment property as the Group intended to hold the property for rental income.

38. 收購附屬公司

(a) 並不構成業務的附屬公司收購

(i) 本年度

於2019年1月，本集團就收購開封域合城置業有限公司（「開封域合城」）的90%股權與一名獨立第三方訂立股權轉讓協議，總代價約為人民幣605,000,000元。直至收購日期，開封域合城除持有鄭州的地塊外，並無開展任何重大業務交易。因此，此項交易並無入賬列作業務合併，而是列作收購資產。收購事項已於本年度完成，而開封域合城已成為本集團的非全資附屬公司。代價已於本年度悉數支付。

於2019年3月，本集團與郭女士全資擁有之公司訂立買賣協議，據此本集團已同意購買The Center (58) Limited（「The Center (58)」，其主要資產為香港的物業）之全部股權，代價為899,000,000港元（約人民幣767,000,000元）。直至收購日期，該附屬公司除持有香港的一處辦公室物業外，並無開展任何重大業務交易。因此，此項交易並無入賬列作業務合併，而是列作收購資產。由於本集團擬持有該物業以獲取租金收入，因此所收購物業分類為投資物業。

38. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisition of subsidiaries that do not constitute businesses (Continued)

(i) In the current year (Continued)

In July 2019, the Group entered into an equity transfer agreement with an independent third party for the acquisition of 90% equity interests in Shenzhen Shanyou Company Limited ("Shenzhen Shanyou") at an aggregate consideration of approximately RMB1,000 million. Up to the date of the acquisition, Shenzhen Shanyou has not carried on any significant business transactions except for holding an office in Shenzhen. Accordingly, the transaction is not accounted for as a business combination but an acquisition of an asset. The acquisition was completed in the current year and Shenzhen Shanyou has become a non-wholly-owned subsidiary of the Group.

(ii) In the prior year

In December 2017, the Group entered into an equity transfer agreement with an independent third party for the acquisition of the entire equity interests in Tangshan Zhuoyue Real Estate Development Co., Ltd. ("Tangshan Zhuoyue") at an aggregate consideration of approximately RMB1,300 million. Up to the date of the acquisition, Tangshan Zhuoyue held properties held for sale which were pre-sold and undeveloped land parcels in Tangshan, Hebei Province, the PRC. The transaction was not accounted for as a business combination but an acquisition of an asset (undeveloped land). The acquisition was completed in January 2018 and Tangshan Zhuoyue has become a wholly-owned subsidiary of the Group. Consideration of RMB1,170 million was settled by cash during the prior year and the remaining balance of RMB130 million was included in other payables as at 31 December 2018.

38. 收購附屬公司 (續)

(a) 並不構成業務的附屬公司收購 (續)

(i) 本年度 (續)

於2019年7月，本集團就收購深圳善友股份有限公司（「深圳善友」）的90%股權與一名獨立第三方訂立股權轉讓協議，總代價約為人民幣10.00億元。直至收購日期，深圳善友除持有深圳的一處辦公室外，並無開展任何重大業務交易。因此，此項交易並無入賬列作業務合併，而是列作收購資產。收購事項已於本年度完成，而深圳善友已成為本公司的非全資附屬公司。

(ii) 上一年度

於2017年12月，本集團就收購唐山卓越房地產開發有限公司（「唐山卓越」）的全部股權與一名獨立第三方訂立股權轉讓協議，總代價約為人民幣13.00億元。直至收購日期，唐山卓越持有已預售的持作銷售用途的物業以及中國河北省唐山未開發的地塊。此項交易並無入賬列作業務合併，而是列作收購資產（未開發土地）。收購事項已於2018年1月完成，而唐山卓越成為本集團全資附屬公司。上一年度已付現金代價人民幣11.70億元，餘額人民幣1.3億元計入於2018年12月31日的其他應付款項。

38. ACQUISITION OF SUBSIDIARIES

(Continued)

(a) Acquisition of subsidiaries that do not constitute businesses (Continued)

(ii) In the prior year (Continued)

In March 2018, the Group entered into a capital injection agreement with an independent third party to inject RMB41.8 million to Xinxiang Jiean Real Estate Development Co., Ltd. ("Xinxiang Jiean"). After the capital injection, the Group held a 51% equity interest of Xinxiang Jiean. According to the revised memorandum and articles of association, the Group can exercise control over Xinxiang Jiean. Up to the date of the acquisition, Xinxiang Jiean has not carried on any significant business transactions except for holding land parcels in Xinxiang, Heinan Province, the PRC. Accordingly, the transaction was not accounted for as a business combination but an acquisition of an asset. The acquisition was completed in March 2018 and Xinxiang Jiean has become a 51%-owned subsidiary of the Group. The consideration was fully settled during the prior year.

In March 2018, the Group entered into an equity transfer agreement with an independent third party for the acquisition of the entire equity interest in Anxi Jiabin Real Estate Development Co., Ltd ("Anxi Jiabin") at an aggregate consideration of RMB225 million. Up to the date of the acquisition, Anxi Jiabin has not carried on any significant business transactions except for holding land parcels in Anxi, Fujian Province, the PRC. Accordingly, the transaction was not accounted for as a business combination but an acquisition of an asset. The acquisition was completed in March 2018 and Anxi Jiabin has become a wholly-owned subsidiary of the Group. The consideration was fully settled during the prior year.

38. 收購附屬公司 (續)

(a) 並不構成業務的附屬公司收購 (續)

(ii) 上一年度 (續)

於2018年3月，本集團與一名獨立第三方訂立注資協議，向新鄉捷安置業有限公司（「新鄉捷安」）注資人民幣41,800,000元。注資後，本集團持有新鄉捷安51%的股權。根據經修訂組織章程大綱及細則，本集團可對新鄉捷安行使控制權。直至收購日期，新鄉捷安除持有中國河南省新鄉的地塊外，並無開展任何重大業務交易。因此，此項交易並無入賬列作業務合併，而是列作收購資產。收購事項已於2018年3月完成，而新鄉捷安成為本集團持股51%的附屬公司。代價已於上一年度悉數結清。

於2018年3月，本集團就收購安溪嘉信置業有限公司（「安溪嘉信」）的全部股權與一名獨立第三方訂立股權轉讓協議，總代價為人民幣2.25億元。直至收購日期，安溪嘉信除持有中國福建省安溪的地塊外，並無開展任何重大業務交易。因此，此項交易並無入賬列作業務合併，而是列作收購資產。收購事項已於2018年3月完成，而安溪嘉信成為本集團全資附屬公司。代價已於上一年度悉數結清。

38. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Business combinations

(i) In the current year

In April 2019, the Group acquired a 30.0% interest in Suzhou Yucheng. Upon completion of the transaction, the Group held 65.7% of equity interest in Suzhou Yucheng. After the transaction, Suzhou Yucheng revised its memorandum and articles of association and the Group can exercise control over Suzhou Yucheng which became a non-wholly-owned subsidiary of the Group. Suzhou Yucheng is engaged in property development in the PRC. The purchase consideration for the acquisition was in the form of cash of RMB17.5 million which had been fully paid at the acquisition date.

In November 2019, the Group acquired 49% and 60% interests in Hefei Bozhou and Suzhou Yuzhou Xuanyi, respectively. After the completion of the acquisition, Hefei Bozhou and Suzhou Yuzhou Xuanyi have become wholly-owned subsidiaries of the Group. Hefei Bozhou and Suzhou Yuzhou Xuanyi are engaged in property development in the PRC. The purchase considerations for the acquisition of Hefei Bozhou and Suzhou Yuzhou Xuanyi were in the form of cash of RMB232 million and RMB30 million, respectively, which had been fully paid at the acquisition date.

During the current year, Fuzhou Zexiang, Suzhou Shunhong and Zhangzhou Yuzhou Yixuan have revised their memorandum and articles of association. After the revision, the Group can exercise control over these entities which became the non-wholly-owned subsidiaries of the Group. These entities are engaged in property development in the PRC.

38. 收購附屬公司 (續)

(b) 業務合併

(i) 本年度

於2019年4月，本集團收購蘇州裕成的30.0%權益。於交易完成後，本集團持有蘇州裕成的65.7%權益。交易後，蘇州裕成修訂其組織章程大綱及細則且本集團可對已成為本集團非全資附屬公司的蘇州裕成行使控制權。蘇州裕成於中國從事物業開發。收購事項之購買代價已於收購日期以現金人民幣17,500,000元悉數支付。

於2019年11月，本集團分別收購合肥博洲及蘇州禹洲軒溢的49%及60%權益。於收購完成後，合肥博洲及蘇州禹洲軒溢已成為本集團全資附屬公司。合肥博洲及蘇州禹洲軒溢於中國從事物業開發。收購合肥博洲及蘇州禹洲軒溢之購買代價已於收購日期以現金分別人民幣232,000,000元及人民幣30,000,000元悉數支付。

於本年度，福州澤翔、蘇州舜鴻及漳州市禹洲益軒已修訂彼等組織章程大綱及細則。修訂後，本集團可對該等已成為本集團非全資附屬公司的實體行使控制權。該等實體於中國從事物業開發。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

38. ACQUISITION OF SUBSIDIARIES

(Continued)

(b) Business combinations (Continued)

(i) In the current year (Continued)

The fair values of the identifiable assets and liabilities of these entities as at the date of acquisition were as follows:

38. 收購附屬公司 (續)

(b) 業務合併 (續)

(i) 本年度 (續)

該等實體於收購日期可識別資產及負債之公允值如下：

		Fair value recognised on acquisition 就收購事項確認之公允值					
			Hefei Bozhou 合肥博洲 RMB'000 人民幣千元	Suzhou Yuzhou Xuan 蘇州禹洲軒 RMB'000 人民幣千元	Zhangzhou Yuzhou Yixuan 漳州禹洲益軒 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
	Notes 附註						
Property, plant and equipment	物業、廠房及設備	13	310	1,426	199	404	2,339
Investment properties	投資物業	14	352,000	–	–	–	352,000
Deferred tax assets	遞延稅項資產	32	–	–	58,607	–	58,607
Properties under development	在建物業		1,227,000	1,660,111	1,199,000	3,267,500	7,353,611
Properties held for sale	持作銷售用途的物業		–	1,235,189	–	788,000	2,023,189
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產		167,545	(122,073)	132,060	186,701	364,233
Cash and cash equivalents	現金及現金等價物		159,788	85,926	235,387	357,465	838,566
Trade payables	貿易應付款項		(79,307)	(29,183)	(86,822)	(121,602)	(316,914)
Other payables and accruals	其他應付款項及應計費用		(49,299)	(162,499)	(419,032)	(763,375)	(1,394,205)
Contract liabilities	合約負債		(1,185,899)	(1,989,994)	(203,405)	(1,820,780)	(5,200,078)
Interest-bearing bank and other borrowings	計息銀行及其他借貸		(87,000)	–	–	(1,264,000)	(1,351,000)
Deferred tax liabilities	遞延稅項負債	32	(34,561)	(227,621)	–	(265,024)	(527,206)
Total identifiable net assets at fair value	以公允值列賬之可識別資產淨值總額		470,577	451,282	915,994	365,289	2,203,142
Non-controlling interests	非控股權益		–	–	(449,948)	(135,718)	(585,666)
Gain on bargain purchase	議價收購收益	5	–	(240,769)	–	(15,025)	(255,794)
			470,577	210,513	466,046	214,546	1,361,682
Satisfied by:	以下列方式支付：						
Cash	現金		–	30,000	–	17,500	47,500
Consideration payable included in other payables	計入其他應付款項的應付代價		232,160	–	–	–	232,160
Reclassification from a pre-existing interest in a joint venture or associate to an investment in a subsidiary	自於合營公司或聯營公司已有權益重新分類至於附屬公司的投資		238,417	180,513	466,046	197,046	1,082,022
			470,577	210,513	466,046	214,546	1,361,682

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38. ACQUISITION OF SUBSIDIARIES

(Continued)

(b) Business combinations (Continued)

(i) In the current year (Continued)

The fair values of the other receivables as at the date of acquisition amounted to RMB261,160,000. The gross contractual amounts of other receivables were RMB261,160,000 of which nil is expected to be uncollectible.

An analysis of the cash flows in respect of the acquisitions of these entities are as follows:

		Hefei Bozhou 合肥博洲 RMB'000 人民幣千元	Suzhou Yuzhou Xuanyi 蘇州禹洲軒溢 RMB'000 人民幣千元	Zhangzhou Yuzhou Yixuan 漳州禹洲益軒 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cash consideration	現金代價	–	(30,000)	–	(17,500)	(47,500)
Cash and cash equivalents acquired	所收購現金及現金等價物	159,788	85,926	235,387	357,465	838,566
Net inflow of cash and cash equivalents included in cash flows from investing activities	計入投資活動所產生現金流量之 現金及現金等價物流入淨額	159,788	55,926	235,387	339,965	791,066

Since the acquisitions, the revenue and profit contributed by these entities to the consolidated profit for the year ended 31 December 2019 were RMB5,441 million and RMB897 million, respectively.

Had the combination taken place at the beginning of the year, there would have been no significant impact to the revenue and the profit of the Group for the year.

38. 收購附屬公司 (續)

(b) 業務合併 (續)

(i) 本年度 (續)

其他應收款項於收購日期的公允值為人民幣261,160,000元。其他應收款項總合約金額為人民幣261,160,000元，預期當中並無不可收回的金額。

收購該等實體的現金流量分析如下：

自收購以來，於截至2019年12月31日止年度，該等實體向綜合利潤貢獻的收入及利潤分別為人民幣54.41億元及人民幣8.97億元。

假若有關合併於年初發生，也不會對本年度本集團收入及利潤有重大影響。

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38. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Business combinations (Continued)

(ii) In the prior year

In January 2018, the Group acquired a 60.0% interest in Shanghai Zexiang. After the completion of the acquisition, Shanghai Zexiang has become a wholly-owned subsidiary of the Group. Shanghai Zexiang is engaged in property development in Shanghai, the PRC. The purchase consideration for the acquisition was in the form of cash of RMB1,389 million which had been fully paid at the acquisition date.

In August 2018, the Group acquired the entire equity interest in Century East Group Limited ("Century East Group"), which holds certain project companies carrying on the operations of property development and property investment in the PRC. The purchase consideration for the acquisition was in the form of cash of RMB3,800 million, of which RMB2,219 million was settled by cash during the prior year and the remaining balance of RMB1,581 million was included in other payables as at 31 December 2018.

In September 2018, the Group acquired a 50.4% interest in Hefei Zexiang. After the completion of the acquisition, Hefei Zexiang has become a wholly-owned subsidiary of the Group. Hefei Zexiang is engaged in property development in Hefei, the PRC. The purchase consideration for the acquisition was in the form of cash of RMB305 million which had been fully paid at the acquisition date.

38. 收購附屬公司 (續)

(b) 業務合併 (續)

(ii) 上一年度

於2018年1月，本集團收購上海澤翔的60.0%權益。於收購事項完成後，上海澤翔成為本集團全資附屬公司。上海澤翔於中國上海從事物業開發。收購事項之購買代價已於收購日期以現金人民幣13.89億元悉數支付。

於2018年8月，本集團收購恒華集團有限公司（「恒華集團」）的全部股權，恒華集團持有於中國從事物業開發及物業投資業務的若干項目公司。收購事項之購買代價為現金人民幣38.00億元，其中人民幣22.19億元於上一年度以現金支付，餘額人民幣15.81億元計入2018年12月31日的其他應付款項。

於2018年9月，本集團收購合肥澤翔的50.4%權益。於收購事項完成後，合肥澤翔成為本集團全資附屬公司。合肥澤翔於中國合肥從事物業開發。收購事項之購買代價已於收購日期以現金人民幣3.05億元悉數支付。

38. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Business combinations (Continued)

(ii) In the prior year (Continued)

In November 2018, the Group acquired a 51.5% interest in Zhongwei Properties. After the completion of the acquisition, Zhongwei Properties has become a wholly-owned subsidiary of the Group. Zhongwei Properties is engaged in property development in Zhejiang, the PRC. The purchase consideration for the acquisition was in the form of cash of RMB1,201 million which had been fully paid at the acquisition date.

During the prior year, Hefei Xiangzhou, Nanjing Honghao, Nanjing Qianjing and Shanghai Chongming have revised their memorandum and articles of association. After the revision, the Group can exercise control over these entities which became the non-wholly-owned subsidiaries of the Group. These entities are engaged in property development in the PRC.

38. 收購附屬公司 (續)

(b) 業務合併 (續)

(ii) 上一年度 (續)

於2018年11月，本集團收購中維地產的51.5%權益。於收購事項完成後，中維地產成為本集團全資附屬公司。中維地產於中國浙江從事物業開發。收購事項之購買代價已於收購日期以現金人民幣12.01億元悉數支付。

於上一年度，合肥翔洲、南京弘灝、南京乾景及上海崇明已修訂彼等的組織章程大綱及細則。修訂後，本集團可對該等已成為本集團非全資附屬公司的實體行使控制權。該等實體於中國從事物業開發。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

38. ACQUISITION OF SUBSIDIARIES

(Continued)

(b) Business combinations (Continued)

(ii) In the prior year (Continued)

The fair values of the identifiable assets and liabilities of these entities as at the date of acquisition were as follows:

38. 收購附屬公司 (續)

(b) 業務合併 (續)

(ii) 上一年度 (續)

該等實體於收購日期可識別資產及負債之公允值如下：

		Fair value recognised on acquisition 就收購事項確認之公允值					
		Century East Zhongwei 恒華集團 中維地產					
		Shanghai Zexiang 上海澤翔	East Group 恒華集團	Zhongwei Properties 中維地產	Others 其他	Total 總計	
	Notes 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
Property, plant and equipment	物業、廠房及設備	13	1,012	973	555	774	3,314
Investment properties	投資物業	14	—	—	—	194,000	194,000
Investment in an associate	於聯營公司的投資		—	2,227,500	—	—	2,227,500
Deferred tax assets	遞延稅項資產	32	—	—	—	47,851	47,851
Land held for property development for sale	持作物業開發銷售用途的土地	19	—	1,398,000	—	1,034,027	2,432,027
Properties under development	在建物業		3,293,233	—	734,807	2,243,973	6,272,013
Properties held for sale	持作銷售用途的物業		—	3,310,500	5,239,393	7,743,250	16,293,143
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產		5,520,693	761,698	3,812,671	3,018,811	13,113,873
Cash and cash equivalents	現金及現金等價物		374,605	137,156	250,232	1,317,526	2,079,519
Trade payables	貿易應付款項		(122,469)	(465,140)	(951,009)	(982,104)	(2,520,722)
Other payables and accruals	其他應付款項及應計費用		(2,577,062)	(884,948)	(27,492)	(3,714,623)	(7,204,125)
Contract liabilities	合約負債		(1,568,020)	(625,392)	(5,960,652)	(6,736,306)	(14,890,370)
Corporate income tax payables	應付企業所得稅		(18,284)	(280,594)	(408,156)	(81,002)	(788,036)
Interest-bearing bank and other borrowings	計息銀行及其他借貸		(2,400,000)	(1,801,000)	(848,000)	(1,719,860)	(6,768,860)
Deferred tax liabilities	遞延稅項負債	32	(91,631)	(639,802)	—	(345,698)	(1,077,131)
Total identifiable net assets at fair value	以公允值列賬之可識別資產淨值總額		2,412,077	3,138,951	1,842,349	2,020,619	9,413,996
Non-controlling interests	非控股權益		—	—	—	(633,644)	(633,644)
Gain on bargain purchase	議價收購收益	5	(58,246)	—	—	—	(58,246)
Goodwill	商譽	16	—	661,049	252,391	219,630	1,133,070
			2,353,831	3,800,000	2,094,740	1,606,605	9,855,176

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

38. ACQUISITION OF SUBSIDIARIES
(Continued)

(b) Business combinations (Continued)

(ii) In the prior year (Continued)

		Shanghai Zexiang 上海澤翔 RMB'000 人民幣千元	Century East Group 恒華集團 RMB'000 人民幣千元	Zhongwei Properties 中維地產 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Satisfied by:	以下列方式支付:					
Cash	現金	1,389,000	2,218,660	1,201,201	305,000	5,113,861
Consideration payable included in other payables	計入其他應付款項的應付代價	-	1,581,340	-	-	1,581,340
Reclassification from a pre-existing interest in a joint venture or associate to an investment in a subsidiary	自於合營公司或聯營公司已有權益 重新分類至於附屬公司的投資	964,831	-	893,539	1,301,605	3,159,975
		<u>2,353,831</u>	<u>3,800,000</u>	<u>2,094,740</u>	<u>1,606,605</u>	<u>9,855,176</u>

The fair values of the other receivables as at the date of acquisition amounted to RMB5,245,549,000. The gross contractual amounts of other receivables were RMB5,245,549,000 of which nil is expected to be uncollectible.

An analysis of the cash flows in respect of the acquisitions of these entities are as follows:

其他應收款項於收購日期的公允價值為人民幣5,245,549,000元。其他應收款項總合約金額為人民幣5,245,549,000元，預期當中並無不可收回的金額。

收購該等實體的現金流量分析如下：

		Shanghai Zexiang 上海澤翔 RMB'000 人民幣千元	Century East Group 恒華集團 RMB'000 人民幣千元	Zhongwei Properties 中維地產 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cash consideration	現金代價	(1,389,000)	(2,218,660)	(1,201,201)	(305,000)	(5,113,861)
Cash and cash equivalents acquired	所收購現金及現金等價物	374,605	137,156	250,232	1,317,526	2,079,519
Net inflow/(outflow) of cash and cash equivalents included in cash flows from investing activities	計入投資活動所產生現金流量 之現金及現金等價物 流入/(流出)淨額	<u>(1,014,395)</u>	<u>(2,081,504)</u>	<u>(950,969)</u>	<u>1,012,526</u>	<u>(3,034,342)</u>

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

38. ACQUISITION OF SUBSIDIARIES

(Continued)

(b) Business combinations (Continued)

(ii) In the prior year (Continued)

Since the acquisitions, the revenue and profit contributed by these entities to the consolidated profit for the year ended 31 December 2018 were RMB12,521 million and RMB1,622 million, respectively.

Had the combination taken place at the beginning of the prior year, there would have been no significant impact to the revenue and the profit of the Group for the prior year.

38. 收購附屬公司 (續)

(b) 業務合併 (續)

(ii) 上一年度 (續)

自收購以來，於截至2018年12月31日止年度，該等實體向綜合利潤貢獻的收入及利潤分別為人民幣125.21億元及人民幣16.22億元。

假若有關合併於上一年初發生，也不會對上一年度本集團收入及利潤有重大影響。

39. DEEMED DISPOSAL OF SUBSIDIARIES

During the current year, certain independent third parties injected capital to two subsidiaries of the Group. After the capital injection and the revision of their memorandum and articles of association, the Group lost control over these entities which became joint ventures of the Group. These entities are engaged in property development in the PRC.

Deemed disposal of subsidiaries in the current year

39. 被視為出售附屬公司

於本年度，若干獨立第三方向本集團兩間附屬公司注資。經注資及修訂彼等組織章程大綱後，本集團失去對該等實體的控制權，且彼等成為本集團的合營公司。該等實體於中國從事物業發展。

被視為於本年度出售附屬公司

		2019 RMB'000 人民幣千元
Net assets deconsolidated:	取消綜合之資產淨值：	
Land held for property development for sale	持作物業開發銷售用途的土地	1,390,682
Prepayment for acquisition of land	收購土地的預付款	931,388
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	31,763
Cash and cash equivalents	現金及現金等價物	1,424,845
Other payables and accruals	其他應付款項及應計費用	(3,778,678)
		-

An analysis of the net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries is as follows:

有關視作出售附屬公司之現金及現金等價物流出淨額之分析如下：

		2019 RMB'000 人民幣千元
Cash and cash equivalents deconsolidated	取消綜合之現金及現金等價物	(1,424,845)

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40. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries in the current year

40. 出售附屬公司

(a) 本年度出售附屬公司

		Notes 附註	2019 RMB'000 人民幣千元
Net assets deconsolidated:	取消綜合之資產淨值：		
Property, plant and equipment	物業、廠房及設備	13	1,707
Investment properties	投資物業	14	366,000
Investment in a joint venture	於合營公司的投資		228,290
Investment in an associate	於聯營公司的投資		209,913
Deferred tax assets	遞延稅項資產	32	171,353
Goodwill	商譽	16	219,631
Properties under development	在建物業		13,452,376
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產		5,344,804
Prepaid corporate income tax	預付企業所得稅		61,790
Prepaid land appreciation tax	預付土地增值稅		71,138
Restricted cash	受限制現金		169,976
Cash and cash equivalents	現金及現金等價物		1,316,574
Trade payables	貿易應付款項		(303,281)
Other payables and accruals	其他應付款項及應計費用		(10,676,766)
Contract liabilities	合約負債		(4,731,014)
Interest-bearing bank borrowings	計息銀行借款		(5,222,330)
Deferred tax liabilities	遞延稅項負債	32	1,859
Non-controlling interests	非控股權益		(84,496)
			597,524
Gain on disposal of subsidiaries	出售附屬公司之收益	5	1,400,044
Reclassification to investments in joint ventures and associates	重新分類至於合營公司及聯營公司的投資		(465,068)
			1,532,500
Satisfied by:	支付方式：		
Cash	現金		1,532,500

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

40. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries in the current year (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

40. 出售附屬公司 (續)

(a) 本年度出售附屬公司 (續)

有關出售附屬公司之現金及現金等價物流入淨額之分析如下：

		2019 RMB'000 人民幣千元
Cash and cash equivalents deconsolidated	取消綜合之現金及現金等價物	(1,316,574)
Cash consideration received	已收現金代價	1,532,500
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	有關出售附屬公司之現金及現金等價物流入淨額	215,926

(b) Disposal of subsidiaries in the prior year

(b) 於上一年度出售附屬公司

		Notes 附註	2018 RMB'000 人民幣千元
Net assets deconsolidated:	取消綜合之資產淨值：		
Property, plant and equipment	物業、廠房及設備	13	1,162
Investments in joint ventures	於合營公司的投資		1,425,454
Properties under development	在建物業		3,355,000
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產		45,986
Cash and cash equivalents	現金及現金等價物		41,618
Trade payables	貿易應付款項		(81,844)
Other payables and accruals	其他應付款項及應計費用		(3,010,771)
Interest-bearing bank borrowings	計息銀行借款		(1,500,000)
Deferred tax liabilities	遞延稅項負債	32	(1,017)
			275,588
Reclassification to investments in an associate	重新分類至於聯營公司的投資		(74,088)
			201,500
Satisfied by:	支付方式：		
Cash	現金		201,500

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40. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of subsidiaries in the prior year (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

40. 出售附屬公司 (續)

(b) 於上一年度出售附屬公司 (續)

有關出售附屬公司之現金及現金等價物流入淨額之分析如下：

		2018 RMB'000 人民幣千元
Cash and cash equivalents deconsolidated	取消綜合之現金及現金等價物	(41,618)
Cash consideration received	已收現金代價	201,500
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	有關出售附屬公司之現金及現金等價物流入淨額	159,882

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group transferred other borrowings with an aggregate balance of RMB5,642,050,000 (2018: Nil) to joint ventures and associates.

(b) Changes in liabilities arising from financing activities

41. 綜合現金流量表附註

(a) 主要非現金交易

年內，本集團向合營公司及聯營公司轉讓其他借款，總結餘為人民幣5,642,050,000元（2018年：無）。

(b) 融資活動產生的負債變動

		Dividend payable	Interest-bearing bank and other borrowings	Senior notes	Amounts due to non-controlling shareholders
		應付股息 RMB'000 人民幣千元	計息銀行及其他借貸 RMB'000 人民幣千元	優先票據 RMB'000 人民幣千元	應付非控股股東款項 RMB'000 人民幣千元
At 1 January 2018	於2018年1月1日	-	13,711,865	3,855,621	469,228
Changes from financing cash flows	融資現金流量變動	(567,421)	1,227,150	6,807,780	37,682
Final 2017 dividend	2017年末期股息	780,314	-	-	-
Interim 2018 dividend	2018年中期股息	403,551	-	-	-
Issue of shares for scrip dividend	就以股代息發行股份	(361,751)	-	-	-
Asset-backed securities arrangement	資產支持證券安排	-	598,243	-	-
Changes from operating activities	經營活動變動	-	-	-	898,987
Increase arising from acquisition of subsidiaries (note 38(b))	收購附屬公司增加(附註38(b))	-	6,768,860	-	-
Decrease arising from disposal of a subsidiary (note 40(b))	出售附屬公司的跌幅(附註40(b))	-	(1,500,000)	-	-
Foreign exchange movement	外匯變動	-	341,545	820,791	-
At 31 December 2018 and 1 January 2019	於2018年12月31日及2019年1月1日	254,693	21,147,663	11,484,192	1,405,897
Changes from financing cash flows	融資現金流量變動	(296,411)	5,486,560	17,148,425	1,522,678
Final 2018 dividend	2018年末期股息	842,506	-	-	-
Interim 2019 dividend	2019年中期股息	636,666	-	-	-
Issue of shares for scrip dividend	就以股代息發行股份	(1,182,761)	-	-	-
Transfer of other borrowings to joint ventures and associates	向合營公司及聯營公司轉讓其他借款	-	(5,642,050)	-	-
Increase arising from acquisition of subsidiaries (note 38(b))	收購附屬公司增加(附註38(b))	-	1,351,000	-	-
Decrease arising from disposal of a subsidiary (note 40(a))	出售附屬公司的跌幅(附註40(a))	-	(5,222,330)	-	(234,625)
Foreign exchange movement	外匯變動	68,992	89,987	325,059	-
At 31 December 2019	於2019年12月31日	323,685	17,210,830	28,957,676	2,693,950

42. FINANCIAL GUARANTEES

The Group had the following financial guarantees as at the end of the reporting period:

42. 財務擔保

本集團於報告期間結束時的財務擔保如下：

	Notes 附註	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Guarantees in respect of the mortgage facilities provided to certain purchasers of the Group's properties	(a)	16,967,363	9,778,086
Guarantees given to banks and other lenders in connection with facilities granted to joint ventures	(b)	10,020,296	6,126,800
Guarantees given to banks and other lenders in connection with facilities granted to associates	(b)	2,398,292	2,664,515
		29,385,951	18,569,401

Notes:

- (a) As at 31 December 2019, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction proceeds as described below.

附註：

- (a) 於2019年12月31日，本集團就若干銀行授出的有關為本集團物業的若干買家安排的按揭貸款的按揭融資提供擔保。根據擔保條款，倘該等買家於擔保屆滿前未能償還按揭款項，則本集團負責償還違約買家欠付銀行的未償還按揭本金連同應計利息及罰款，扣除任何下文所述的拍賣所得款項。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

42. FINANCIAL GUARANTEES (Continued)

Notes: (Continued)

(a) (Continued)

Pursuant to 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 is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties. In addition, according to the relevant agreements signed by certain subsidiaries of the Group with the banks, property purchasers of the Group can arrange mortgage with these banks and the subsidiaries are required to place at designated bank accounts certain amounts as deposits for potential default of mortgage loans advanced to property purchasers. Such guarantee deposits will be released after the property ownership certificates of the relevant properties have been passed to the bank. At 31 December 2019, such deposits amounted to RMB309,282,000 (2018: RMB307,428,000) (note 23(c)(iii)).

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate 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 directors of the Company consider that the fair value of the guarantees at initial recognition and the ECL allowance are not significant, and in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties.

(b) In the opinion of the directors, the fair value of the guarantees at initial recognition and the ECL allowance are not significant.

(c) As at 31 December 2019, the guarantees given by the Group to certain banks in respect of construction cost in favour of certain contractors of the Group amounted to RMB15,778,300 (2018: RMB74,151,000).

42. 財務擔保 (續)

附註：(續)

(a) (續)

根據以上安排，有關物業已作為按揭貸款的抵押品而抵押予銀行，於該等買家未能償還按揭款項時，銀行有權接收法定業權，並將透過公開拍賣變現抵押物業。當物業拍賣所得款項無法彌補未償還的按揭本金連同應計利息及罰款時，則本集團須負責向銀行還款。此外，根據本集團若干附屬公司與銀行簽署的相關協議，本集團的物業買家可安排向該等銀行按揭，該等附屬公司須將若干數額的款項存入指定銀行賬戶，作為潛在物業買家拖欠支付銀行按揭貸款的按金。該等擔保按金將於有關物業的房產證交予銀行後方可解除。於2019年12月31日，該等按金為人民幣309,282,000元（2018年：人民幣307,428,000元）（附註23(c)(iii)）。

本集團之擔保期由授出相關按揭貸款之日期起至向買家發出房產證為止，一般而言為買家收樓後之一至兩年內。

本公司董事認為該等擔保的首次確認及預期信貸損失撥備的公允值並不重大，倘買家未能支付款項，相關物業的可變現淨值足以抵銷償還所欠按揭本金連同累計利息及罰款。

(b) 董事認為，該等擔保的首次確認及預期信貸損失撥備的公允值並不重大。

(c) 於2019年12月31日，本集團就本集團若干承包商之建築成本向若干銀行提供的擔保為人民幣15,778,300元（2018年：人民幣74,151,000元）。

31 December 2019 2019年12月31日

43. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank and other loans and senior notes are included in notes 28 and 30 to the financial statements, respectively.

43. 資產抵押

以本集團資產抵押的本集團銀行及其他貸款及優先票據詳情分別載於財務報表附註28及30。

44. COMMITMENTS

(a) The Group had the following capital and other commitments as at the end of the reporting period:

44. 承擔

(a) 本集團於報告期間結束時的資本及其他承擔如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Contracted, but not provided for:	已訂約但未撥備：		
Investment properties under construction and properties under development	在建投資物業及在建物業	7,090,489	5,555,282
Acquisition of a project company	收購項目公司	—	106,309
		<u>7,090,489</u>	<u>5,661,591</u>

In addition, the Group's share of joint ventures and associates' own capital commitments, which are not included in the above, is as follows:

此外，本集團應佔合營公司及聯營公司擁有的資本承擔（並未包括於上文）載列如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Contracted, but not provided for	已訂約但未撥備	2,873,441	3,559,109

(b) Operating lease commitments as at 31 December 2018

The Group leased certain of its office properties under operating lease arrangements. Leases are negotiated for terms ranging from one to three years.

At 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

(b) 於2018年12月31日經營租賃承擔

本集團根據經營租賃安排租用若干辦公室物業。租期議定為介乎1至3年不等。

於2018年12月31日，本集團根據於下列租期內到期的不可撤銷經營租賃而應付的未來最少租金總額如下：

		2018 RMB'000 人民幣千元
Within one year	1年內	3,224

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

45. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

		Notes 附註	2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Service fees paid to Xiamen Zongheng Group Company Limited	支付予廈門縱橫集團股份有限公司的服務費	(i)	14,024	39,507
Service fees paid to Yuzhou Financial Holdings Limited	支付予禹洲金融控股(香港)有限公司的服務費	(ii)	14,026	4,129
Cooperation deposits received from related parties	收取來自關連方的合作按金	(iii)	2,560,366	—
Consideration for acquisition of subsidiaries paid by Haixia Investment Management Limited	海峽匯富股權投資管理有限公司就收購附屬公司支付的代價	(iv)	—	400,000
Cooperation deposits received from Shanghai Gangzhou Cultural And Creative Development Company Limited	收取來自上海港洲文化創意有限公司的合作按金	(v)	—	200,000

- (i) The service fees were incurred for the design, installation and testing of house entrance intelligence systems provided by Xiamen Zongheng Group Company Limited in relation to properties held for sale, at rates mutually agreed between the relevant parties. Xiamen Zongheng Group Company Limited is a company controlled by brother of Mr. Lam Lung On.
- (ii) The service fees were incurred for the issue of senior notes of the Group during the year. Yuzhou Financial Holdings Limited is a company controlled by Ms. Kwok Ying Lan.

45. 關連方交易

- (a) 除在該等財務報表其他部分詳細載列的交易及結餘外，年內本集團與關連方的交易如下：

- (i) 該服務費為廈門縱橫集團股份有限公司就持作銷售用途的物業提供智能門禁系統的設計、安裝及測試費用，費用標準由相關訂約方共同協定。廈門縱橫集團股份有限公司為由林龍安先生胞弟控制的一間公司。
- (ii) 該服務費為本集團於年內發行優先票據的費用。禹洲金融控股(香港)有限公司為一間由郭英蘭女士控制的公司。

45. RELATED PARTY TRANSACTIONS

(Continued)

(a) (Continued)

- (iii) Cooperation deposits were received from companies controlled by Ms. Kwok Ying Lan for proposed joint cooperation in the PRC. The balance is included in other payables and accruals in note 26.
- (iv) Consideration for acquisition of certain subsidiaries was paid by Haixia Investment Management Limited on behalf of the Group. Haixia Investment Management Limited is a company controlled by Ms. Kwok Ying Lan. The balance is included in other payables and accruals in note 26.
- (v) Cooperation deposits were received from Shanghai Gangzhou Cultural And Creative Development Company Limited for proposed joint cooperation in the PRC. Shanghai Gangzhou Cultural And Creative Development Company Limited is a company controlled by Mr. Lin Conghui and the mother of Ms. Kwok Ying Lan. The balance is included in other payables and accruals in note 26.

(b) Compensation of key management personnel of the Group

In the opinion of the Company's directors, the directors and the chief executive officer of the Company represented the key management personnel of the Group and details of the compensation of the key management personnel are set out in note 8 to the financial statements.

45. 關連方交易 (續)

(a) (續)

- (iii) 就擬在中國合作經營而收取來自由郭英蘭女士控制的公司的合作按金。結餘計入附註26之其他應付款項及應計費用。
- (iv) 海峽匯富股權投資管理有限公司就收購若干附屬公司代本集團支付的代價。海峽匯富股權投資管理有限公司為一間由郭英蘭女士控制的公司。結餘計入附註26之其他應付款項及應計費用。
- (v) 就擬在中國合作經營而收取來自上海港洲文化創意有限公司的合作按金。上海港洲文化創意有限公司為一間由林聰輝先生及郭英蘭女士的母親控制的公司。結餘計入附註26之其他應付款項及應計費用。

(b) 本集團主要管理層人員的薪酬

本公司董事認為，本公司董事及行政總裁指本集團的主要管理層人員，主要管理層人員的薪酬詳情載於財務報表附註8。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

45. RELATED PARTY TRANSACTIONS

(Continued)

(c) Certain of the bank and other borrowings of the Group's joint ventures and associates are secured by pledges over the Group's equity interests in the subsidiaries, joint ventures and associates with an aggregate carrying amount at the end of the reporting period of RMB4,639,993,000 (2018: Nil) and RMB903,200,000 (2018: RMB169,574,000) and RMB711,531,000 (2018: RMB148,150,000), respectively.

(d) As at 31 December 2019, the Group provided guarantees to bank and other lenders in connection with facilities granted to joint ventures and associates, which amounted to RMB10,020,296,000 (2018: RMB6,126,800,000) and RMB2,398,292,000 (2018: RMB2,664,520,000), respectively.

46. FINANCIAL INSTRUMENTS BY CATEGORY

Other than derivative financial instruments as disclosed in note 27 to the financial statements, all financial assets and financial liabilities of the Group as at 31 December 2019 and 2018 were financial assets at amortised cost and financial liabilities at amortised cost, respectively.

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments as at 31 December 2019 and 2018 approximated to their fair values.

Management has assessed that the fair values of other receivables and other assets, derivative financial instruments, restricted cash, non-pledged time deposits with original maturity of over three months, cash and cash equivalents, trade payables, other payables and accruals and current-portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

45. 關連方交易 (續)

(c) 本集團合營公司及聯營公司的若干銀行及其他借貸以本集團於附屬公司、合營公司及聯營公司的股權(於報告期末的賬面總值分別為人民幣4,639,993,000元(2018年:無)及人民幣903,200,000元(2018年:人民幣169,574,000元)及人民幣711,531,000元(2018年:人民幣148,150,000))作抵押。

(d) 於2019年12月31日,本集團就合營公司及聯營公司獲授的融資向銀行及其他貸款人提供的擔保金額分別為人民幣10,020,296,000元(2018年:人民幣6,126,800,000元)及人民幣2,398,292,000元(2018年:人民幣2,664,520,000元)。

46. 按類別劃分的金融工具

除財務報表附註27所披露的衍生金融工具外,於2019年及2018年12月31日,本集團的所有金融資產及金融負債分別為按攤銷成本入賬的金融資產及按攤銷成本入賬的金融負債。

47. 金融工具的公允值及公允值層級

於2019年及2018年12月31日,本集團金融工具的賬面值與其公允值相若。

管理層評定其他應收款項及其他資產、衍生金融工具、受限制現金、始初期限超過三個月之無抵押定期存款、現金及現金等價物、貿易應付款項、其他應付款項及應計費用、即期部分的計息銀行及其他借貸的公允值與彼等的賬面值相若,主因該等工具期限較短。

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The Group uses fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly for determining and disclosing the fair value of financial instruments. As at 31 December 2019 and 31 December 2018, the Group's financial instruments which comprise derivative financial instruments were measured at fair value and determined as level 2 financial instruments.

The Group did not have any financial assets measured at fair value other than derivative financial instruments as at 31 December 2019 and 31 December 2018.

The Group did not have any financial liabilities measured at fair value other than derivative financial instruments as at 31 December 2019 and 31 December 2018.

For the Group's assets and liabilities not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed, the carrying amounts of the non-current portion of interest-bearing bank and other borrowings approximated to their fair values and were determined as Level 3, and the fair values of the senior notes and corporate bonds were RMB30,627,953,000 (2018: RMB11,223,744,000) and RMB9,695,000,000 (2018: RMB11,156,930,000), respectively and were determined as Level 1.

The fair values of the non-current portion of 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 fair values of the senior notes and corporate bonds are calculated with reference to price quotations from financial institutions at the reporting date. 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.

47. 金融工具的公允值及公允值層級(續)

本集團釐定及披露金融工具的公允值時，乃使用基於對所記錄公允值有重大影響之任何輸入數據均可直接或間接被觀察之估值方法計算之公允值。於2019年12月31日及2018年12月31日，本集團金融工具（包括衍生金融工具）乃按公允值計量，並獲釐定為第2級金融工具。

除衍生金融工具外，本集團於2019年12月31日及2018年12月31日並無任何按公允值計量的金融資產。

除衍生金融工具外，本集團於2019年12月31日及2018年12月31日並無任何按公允值計量的金融負債。

就本集團於綜合財務狀況表內並非以公允值計量但披露其公允值的資產及負債，計息銀行及其他借貸非即期部分的賬面值與其公允值相若，並獲釐定為第3級。優先票據及公司債券的公允值分別為人民幣30,627,953,000元（2018年：人民幣11,223,744,000元）及人民幣9,695,000,000元（2018年：人民幣11,156,930,000元），並獲釐定為第1級。

計息銀行及其他借貸非即期部分的公允值乃以預期未來現金流，使用以類似條款、信貸風險及剩餘年期的現行可供比較工具的利率貼現而計算。優先票據及公司債券的公允值乃參考報告日金融機構報價計算所得。於2019年12月31日，本集團對於計息銀行及其他借貸的自身不履約風險導致的公允值變動被評為不重大。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

47. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The Group entered into derivative financial instruments with creditworthy banks with no history of default. Derivative financial instruments, including a cross-currency rate swap and forward currency contracts, are measured using valuation techniques similar to forward pricing. The model incorporates various market observable inputs including foreign exchange spot and forward rates. The carrying amounts of the cross-currency rate swap and forward currency contracts were the same as their fair values.

The details of the valuation technique and the inputs used in the fair value measurement of investment properties have been disclosed in note 14.

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).

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and other borrowings and cash and short term deposits. 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 trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, 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.

47. 金融工具的公允值及公允值層級 (續)

本集團與並無違約記錄的信譽良好的銀行訂立衍生金融工具。衍生金融工具(包括跨貨幣利率掉期及遠期貨幣合約)採用與遠期定價類似的估值方法計量。該模型整合多項市場可觀察輸入數據,包括外匯即期及遠期匯率。跨貨幣利率掉期及遠期貨幣合約的賬面值與其公允值相同。

投資物業的估值方法及公允值計量的輸入數據詳情於附註14披露。

年內,就金融資產及金融負債而言,公允值計量並無於第1級與第2級之間發生轉移,亦無轉入或轉出第3級(2018年:無)。

48. 財務風險管理的目標及政策

本集團的主要金融工具包括銀行及其他借貸以及現金及短期存款。該等金融工具的主要目的是協助本集團籌集經營資金。本集團擁有各種其他金融資產及負債,例如從經營中直接產生的貿易應付款項。

本集團的金融工具所引致的主要風險為市場風險、利率風險、外幣風險、信貸風險及流動性風險。董事會審閱並同意有關管理各項該等風險的政策,茲概述如下。

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk

The Group's assets are predominantly in the form of land held for property development for sale, investment properties, properties under development and properties held for sale. In the event of a severe downturn in the property market, these assets may not be readily realised.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in Mainland China at the same saving rate as unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other borrowings with floating interest rates. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk, and will consider hedging significant interest rate risk should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

48. 財務風險管理的目標及政策 (續)

市場風險

本集團資產的主要形式為持作物業開發銷售用途的土地、投資物業、在建物業及持作銷售用途的物業。在物業市場十分低迷的情況下，該等資產可能不易變現。

利率風險

本集團的大部分收入及經營現金流量不受市場利率變動所影響。除銀行存款之外，本集團並無重大計息資產。於整個年度內，中國大陸銀行受限制存款與非受限制存款的儲蓄利率相同。本集團所承擔市場利率變動的風險主要與本集團按浮動利率計息的銀行及其他借貸有關。本集團並無使用任何利率掉期以對沖其利率風險，惟必要時將考慮對沖重大利率風險。

下表說明在所有其他變量維持不變的情況下，報告期間結束時本集團除稅前利潤的利率合理可能變動的敏感度。本集團權益的其他部分不受重大影響。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

48. FINANCIAL RISK MANAGEMENT
OBJECTIVES AND POLICIES (Continued)

Interest rate risk (Continued)

48. 財務風險管理的目標及政策
(續)

利率風險(續)

		Increase/ (decrease) in basis points 增加/ (減少)基點數	Effect on profit before tax 對除稅前 利潤的影響 RMB'000 人民幣千元
2019	2019		
Renminbi	人民幣	50	(22,357)
Renminbi	人民幣	(50)	22,357
Hong Kong dollar	港幣	50	(6,199)
Hong Kong dollar	港幣	(50)	6,199
United States dollar	美元	50	(21,129)
United States dollar	美元	(50)	21,129
2018	2018		
Renminbi	人民幣	50	(44,907)
Renminbi	人民幣	(50)	44,907
Hong Kong dollar	港幣	50	(4,441)
Hong Kong dollar	港幣	(50)	4,441
United States dollar	美元	50	(22,187)
United States dollar	美元	(50)	22,187

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

All of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under the existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for the Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration for Foreign Exchange Bureau. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange Bureau, this could affect the ability of the Group's subsidiaries to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from the Company.

48. 財務風險管理的目標及政策 (續)

外幣風險

本集團所有的收入及絕大部分經營開支均以人民幣計值，而人民幣目前並非為可自由兌換的貨幣。中國政府對將人民幣兌換為外幣及（於特定情況下）將貨幣匯出中國大陸施加管制。可用外幣的短缺可能限制本集團的中國附屬公司匯出足夠外幣以向本集團支付股息或其他款項的能力。

根據現有的中國外匯法規，經常賬項目的付款（包括股息、貿易及與服務相關的外匯交易）在遵守若干程序要求後可以外幣進行，而無須國家外匯管理局的事先批准。然而，將人民幣兌換為外幣及匯出中國大陸以支付資本賬項目（比如償還以外幣計值的銀行及其他借貸）時，須獲得有關中國政府機關的批准。

目前，本集團的中國附屬公司可購買外幣以結清經常賬戶交易（包括向本公司支付股息），而無須國家外匯管理局的事先批准。本集團的中國附屬公司亦可在其經常賬戶中留存外幣以償還外幣負債或支付股息。由於資本賬戶的外幣交易仍然受限制且須獲得國家外匯管理局的批准，可能影響本集團附屬公司透過債務或股權融資（包括從本公司取得貸款或出資的形式）獲取所需外匯的能力。

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The Group's financial assets and liabilities including certain amounts due from/to related parties denominated in Hong Kong dollars, certain short term deposits denominated in Hong Kong dollars and certain bank and other borrowings denominated in Hong Kong dollars and United States dollars are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

A reasonably possible appreciation of 1% in the exchange rate of the Hong Kong dollar or United States dollar against the Renminbi would have a material impact on the Group's profit during the year and this would result in an increase in other components of the Group's equity by RMB22,454,000 (2018: increase of RMB1,406,000) in 2019.

Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. There is no significant concentration of credit risk within the Group.

Maximum exposure and year-end staging

The credit risk of the Group's cash and cash equivalents, non-pledged time deposits with original maturity of over three months, restricted deposits, other receivables and certain deposits, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The credit quality of the financial assets measured at amortised cost is considered to be normal as 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 and hence, they are all classified under stage 1 for measurement of ECLs. The loss allowance provision for all financial assets measured at amortised cost was not significant as at 31 December 2019 and 2018.

48. 財務風險管理的目標及政策 (續)

外幣風險(續)

本集團的金融資產及負債(包括以港幣計值的應收／應付關連方若干款項及以港幣計值的若干短期存款和以港幣及美元計值的若干銀行及其他借貸)須承受外幣風險。因此，人民幣兌換外幣的匯率波動可能影響本集團的經營業績。

港幣或美元與人民幣之間的匯率的合理可能上升1%，將對年內本集團的利潤產生重大影響，將導致於2019年本集團權益的其他組成部分增加人民幣22,454,000元(2018年：增加人民幣1,406,000元)。

信貸風險

所有客戶購買物業時須預付定金，此為本集團的政策。此外，由於授予任何個人或公司實體的信貸額度並不重大，故本集團並無任何重大信貸風險。本集團並無重大集中信貸風險。

最高風險及年末階段

本集團現金及現金等價物、始初期限超過三個月之無抵押定期存款、受限制存款、其他應收款項及若干按金的信貸風險主要來自對方違約，最高風險值等於該等工具的賬面值。

按攤銷成本計量的金融資產尚未逾期且概無資料顯示自首次確認後金額資產的信貸風險有大幅提升，因而其信貸質素認為正常，故此就計量預期信貸損失而言歸類為第一階段。按攤銷成本計量的所有金融資產的虧損撥備於2019年及2018年12月31日並不重大。

48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Maximum exposure and year-end staging (Continued)

Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures and associates and in respect of mortgage facilities provided for certain purchasers of the Group's properties with aggregate amounts utilised of RMB29,385,951,000 (2018: RMB18,569,401,000) which are not yet past due and there is no information indicating of default and, hence, are all classified under stage 1 for measurement of ECLs.

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities are available for contingency purposes. In the opinion of the directors of the Company, the Group will have adequate sources of funding to finance its operation needs and manage its liquidity position.

48. 財務風險管理的目標及政策 (續)

最高風險及年末階段(續)

就授予合營公司及聯營公司的信貸融資及為本集團若干物業買家提供的按揭融資而給予銀行及其他貸方的擔保合共動用金額人民幣29,385,951,000元(2018年:人民幣18,569,401,000元),尚未逾期且概無資料顯示違約跡象,因而就計量預期信貸損失而言均歸類為第一階段。

流動資金風險

由於本集團的業務屬於資本密集型,本集團確保維持充足的現金及信貸額度以滿足流動資金需求。本集團之目標為透過運用銀行及其他借貸,令資金在持續性及靈活性之間取得平衡。此外,本集團亦備有銀行融資以應對或有事項。本公司董事認為,本集團將擁有充足的資金資源以應對經營所需及管理其流動資金狀況。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

48. 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, was as follows:

		At 31 December 2019 於2019年12月31日				
		On demand or within 1 year 按要求或1年內 RMB'000 人民幣千元	In the second year 第2年內 RMB'000 人民幣千元	3 to 5 years 3至5年 RMB'000 人民幣千元	Beyond 5 years 5年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Interest-bearing bank and other borrowings	計息銀行及其他借貸	8,854,044	5,469,957	3,787,557	1,564,740	19,676,298
Corporate bonds	公司債券	6,663,940	2,225,644	1,604,132	-	10,493,716
Senior notes	優先票據	3,854,695	7,052,354	22,492,969	3,729,912	37,129,930
Trade payables	貿易應付款項	5,205,825	4,577,216	-	-	9,783,041
Other payables and accruals	其他應付款項及應計費用	31,782,386	-	-	-	31,782,386
		<u>56,360,890</u>	<u>19,325,171</u>	<u>27,884,658</u>	<u>5,294,652</u>	<u>108,865,371</u>
Financial guarantees issued:	已發出財務擔保:					
Maximum amount guaranteed (note 42)	最高擔保金額(附註42)	<u>29,385,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,385,951</u>

		At 31 December 2018 於2018年12月31日				
		On demand or within 1 year 按要求或1年內 RMB'000 人民幣千元	In the second year 第2年內 RMB'000 人民幣千元	3 to 5 years 3至5年 RMB'000 人民幣千元	Beyond 5 years 5年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Interest-bearing bank and other borrowings	計息銀行及其他借貸	10,045,825	6,729,627	7,340,348	913,633	25,029,433
Corporate bonds	公司債券	8,030,700	3,862,800	-	-	11,893,500
Senior notes	優先票據	1,340,526	752,020	12,113,389	-	14,205,935
Trade payables	貿易應付款項	3,978,243	2,878,830	-	-	6,857,073
Other payables and accruals	其他應付款項及應計費用	22,960,107	-	-	-	22,960,107
		<u>46,355,401</u>	<u>14,223,277</u>	<u>19,453,737</u>	<u>913,633</u>	<u>80,946,048</u>
Financial guarantees issued:	已發出財務擔保:					
Maximum amount guaranteed (note 42)	最高擔保金額(附註42)	<u>18,569,401</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,569,401</u>

48. 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. 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 year.

The Group monitors working capital using a gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings, corporate bonds and senior notes less cash and cash equivalents, restricted cash and non-pledged time deposits with original maturity of over three months. The gearing ratios as at the end of the reporting periods were as follows:

48. 財務風險管理的目標及政策 (續)

資本管理

本集團資本管理的主要目標乃確保本集團持續經營的能力，維持穩健的資本比率以支援其業務，以及為股東帶來最大回報。

本集團管理其資本架構並因應經濟狀況變動對其作出調整。為維持或調整資本架構，本集團可能調整支付予股東的股息，返還資本予股東或發行新股。本集團不受任何外部施加的資本要求所規限。年內管理資本的目標、政策或程序並無任何變動。

本集團運用資本負債比率監控營運資金，該比率乃按本集團之債務淨額除以權益總額計算。債務淨額包括計息銀行及其他借貸、公司債券與優先票據，且須減去現金及現金等價物、受限制現金和始初期限超過三個月之無抵押定期存款。於報告期間結束時之資本負債比率如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
Interest-bearing bank and other borrowings	計息銀行及其他借貸	17,210,830	21,147,663
Corporate bonds	公司債券	9,500,000	11,000,000
Senior notes	優先票據	28,957,676	11,484,192
Less: Cash and cash equivalents	減：現金及現金等價物	(28,455,729)	(27,162,230)
Less: Restricted cash	減：受限制現金	(1,866,122)	(2,117,120)
Less: Non-pledged time deposits with original maturity of over three months	減：始初期限超過三個月之無抵押定期存款	(5,189,418)	-
Net debt	債務淨額	20,157,237	14,352,505
Total equity	權益總額	28,727,629	21,430,352
Gearing ratio	資本負債比率	70.2%	67.0%

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2019 2019年12月31日

49. EVENTS AFTER THE REPORTING PERIOD

- (a) In January 2020, the Company granted 64,208,000 share options with an exercise price of HK\$4.274 per share under its share option scheme to certain directors of the Company and employees of the Group.
- (b) On 13 January 2020, the Company issued six-year senior notes with an aggregate principal amount of US\$645,000,000 (approximately RMB4,468,915,000) bearing interest at 7.375% per annum. The net proceeds, after deducting the issuance costs, amounted to approximately US\$638,500,000 (approximately RMB4,423,880,000). The senior notes will mature on 13 January 2026.
- (c) On 20 February 2020, the Company issued five-year senior notes with an aggregate principal amount of US\$400,000,000 (approximately RMB2,771,420,000) bearing interest at 7.70% per annum. The net proceeds, after deducting the issuance costs, amounted to approximately US\$396,000,000 (approximately RMB2,743,706,000). The senior notes will mature on 20 February 2025.

49. 報告期後事項

- (a) 於2020年1月，本公司根據購股權計劃向本公司若干董事及本集團僱員授出64,208,000份購股權，行使價為每股4.274港元。
- (b) 於2020年1月13日，本公司發行本金總額645,000,000美元（約人民幣4,468,915,000元）的6年期優先票據，按每年7.375厘計息。經扣除發行成本後，所得款項淨額約為638,500,000美元（約人民幣4,423,880,000元）。該等優先票據將於2026年1月13日到期。
- (c) 於2020年2月20日，本公司發行本金總額400,000,000美元（約人民幣2,771,420,000元）的5年期優先票據，按每年7.70厘計息。經扣除發行成本後，所得款項淨額約為396,000,000美元（約人民幣2,743,706,000元）。該等優先票據將於2025年2月20日到期。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

50. 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:

50. 本公司之財務狀況表

有關本公司於報告期間結束時財務狀況表之資料載列如下：

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產		
Property, plant and equipment	物業、廠房及設備	89,194	95,730
Interest in a subsidiary	於一間附屬公司的權益	1	1
Total non-current assets	非流動資產總值	89,195	95,731
CURRENT ASSETS	流動資產		
Due from subsidiaries	應收附屬公司款項	45,694,590	25,617,883
Due from joint ventures	應收合營公司款項	72,010	646,071
Due from associates	應收聯營公司款項	620,625	594,466
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	4,503	5,373
Derivative financial instruments	衍生金融工具	55,627	–
Restricted cash	受限制現金	4,518	4,440
Cash and cash equivalents	現金及現金等價物	1,261,821	2,157,828
Total current assets	流動資產總值	47,713,694	29,026,061
CURRENT LIABILITIES	流動負債		
Other payables and accruals	其他應付款項及應計費用	3,594,762	681,289
Due to subsidiaries	應付附屬公司款項	6,751,083	4,026,524
Derivative financial instruments	衍生金融工具	–	5,884
Interest-bearing bank and other borrowings	計息銀行及其他借貸	2,031,858	1,942,325
Corporate bonds	公司債券	–	3,000,000
Senior notes	優先票據	1,658,842	550,074
Total current liabilities	流動負債總額	14,036,545	10,206,096
NET CURRENT ASSETS	流動資產淨額	33,677,149	18,819,965
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	33,766,344	18,915,696
NON-CURRENT LIABILITIES	非流動負債		
Interest-bearing bank and other borrowings	計息銀行及其他借貸	2,668,120	3,376,520
Senior notes	優先票據	27,298,834	10,934,118
Total non-current liabilities	非流動負債總額	29,966,954	14,310,638
Net assets	資產淨額	3,799,390	4,605,058

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2019 2019年12月31日

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued) 50. 本公司之財務狀況表(續)

		2019 RMB'000 人民幣千元	2018 RMB'000 人民幣千元
EQUITY	權益		
Issued capital	已發行股本	447,146	410,035
Senior perpetual securities	高級永續證券	1,911,986	1,911,986
Reserves (note)	儲備(附註)	1,440,258	2,283,037
Total equity	權益總額	3,799,390	4,605,058

Note:

A summary of the Company's reserves is as follows:

附註：

本公司儲備概列如下：

		Share premium account 股份溢價賬 RMB'000 人民幣千元	Share option reserve 購股權儲備 RMB'000 人民幣千元	Exchange fluctuation reserve 外匯波動儲備 RMB'000 人民幣千元	Retained profits/ (accumulated losses) 保留利潤/ (累計虧損) 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	1,044,202	11,277	(216,188)	292,144	1,131,435
Profit and total comprehensive income for the year	年度利潤及全面收益總額	-	-	249,136	275,315	524,451
Final 2017 dividend	2017年末期股息	(780,314)	-	-	-	(780,314)
Issue of shares	發行股份	1,561,873	-	-	-	1,561,873
Issue of shares for scrip dividend	發行以股代息股份	348,313	-	-	-	348,313
Interim 2018 dividend	2018年中期股息	(403,551)	-	-	-	(403,551)
Repurchase of own shares	購回自身股份	(9,568)	-	-	-	(9,568)
Issue of shares in connection with the exercise of share options	就行使購股權發行股份	10,276	(984)	-	-	9,292
Distribution to holders of senior perpetual securities	向高級永續證券持有人分派	-	-	-	(106,546)	(106,546)
Equity-settled share option arrangements	以權益支付購股權之安排	-	7,652	-	-	7,652
At 31 December 2018 and 1 January 2019	於2018年12月31日及2019年1月1日	1,771,231	17,945	32,948	460,913	2,283,037
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	-	-	133,983	(567,535)	(433,552)
Final 2018 dividend	2018年末期股息	(842,506)	-	-	-	(842,506)
Issue of shares for scrip dividend	發行以股代息股份	1,146,864	-	-	-	1,146,864
Interim 2019 dividend and special Interim dividend	2019年中期股息及特別中期股息	(636,666)	-	-	-	(636,666)
Issue of shares in connection with the exercise of share options	就行使購股權發行股份	25,154	(3,490)	-	-	21,664
Distribution to holders of senior perpetual securities	向高級永續證券持有人分派	-	-	-	(110,743)	(110,743)
Equity-settled share option arrangements	以權益支付購股權之安排	-	12,160	-	-	12,160
At 31 December 2019	於2019年12月31日	1,464,077	26,615	166,931	(217,365)	1,440,258

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 April 2020.

51. 批准財務報表

於2020年4月24日，董事會批准及授權發佈財務報表。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



To the shareholders of Yuzhou Properties Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Yuzhou Properties Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 153 to 322, which comprise the consolidated statement of financial position as at 31 December 2018, 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 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

致禹洲地產股份有限公司股東
(於開曼群島註冊成立的有限公司)

意見

本核數師已審核列載於第153至322頁禹洲地產股份有限公司(「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2018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、綜合全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

本核數師認為，該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)所頒佈的香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於2018年12月31日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥為編製。

意見基準

本核數師已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審核工作。本核數師就該等準則承擔的責任在本報告「核數師就審計綜合財務報表承擔的責任」一節中作進一步闡述。根據香港會計師公會的專業會計師道德守則(「守則」)，本核數師獨立於 貴集團，並已履行守則中的其他道德責任。本核數師相信，本核數師所獲得的審計憑證能充足及適當地為本核數師的意見提供基礎。

關鍵審計事項

關鍵審計事項是根據本核數師的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在本核數師審計整體綜合財務報表及出具意見時進行處理的，本核數師不會對這些事項提供單獨的意見。就以下每一事項而言，下文描述了應對該事項的審計方法。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

KEY AUDIT MATTERS (Continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter**關鍵審計事項***Adequacy of income tax and other taxes provision**所得稅及其他稅項撥備充足性*

For the year ended 31 December 2018, the Group's income tax expense of RMB3,009 million comprised the corporate income tax at a statutory tax rate at 25% and the land appreciation tax at tax rates ranged from 30% to 60% incurred by the Group's subsidiaries in the People's Republic of China. The determination of the tax provision involves significant management estimates about the group companies' taxable income and the appropriate application of the tax rate, in particular when estimating the land appreciation tax. We identified this as a key audit matter because the income tax expense is significant to the Group and the income tax provision assessment process is complex and involves estimates.

Related disclosures of accounting judgements and estimates and tax provisions are included in notes 3, 10, 30 and 31 to the consolidated financial statements.

截至2018年12月31日止年度，貴集團的所得稅開支為人民幣30.09億元，包括貴集團於中華人民共和國附屬公司產生的按25%法定稅率繳付的企業所得稅及按介乎30%至60%稅率繳付的土地增值稅。釐定稅項撥備，特別是估計土地增值稅時，需要管理層對集團公司應課稅收入及適用稅率作出重大估計。本核數師認為此乃關鍵審計事項，是因為所得稅開支對貴集團而言屬重大且所得稅撥備評估程序複雜並涉及估計。

有關會計判斷及估計和稅項撥備的披露載於綜合財務報表附註3、10、30及31。

關鍵審計事項(續)

本核數師已履行本報告「核數師就審計綜合財務報表承擔的責任」一節所述之責任，包括有關該等事項的責任。相應地，本核數師的審計工作包括執行為應對評估綜合財務報表重大失實陳述風險而設計的審計程序。本核數師審計程序的結果，包括解決以下事項所執行的程序，為本核數師於相關綜合財務報表的審計意見提供基礎。

How our audit addressed the key audit matter**本核數師審計應對關鍵審計事項的方式**

We obtained management's schedules to assess their tax computation and recalculated the income tax expenses. We checked the financial information used in these management schedules to the corresponding accounting records or other underlying documentation. We involved our internal tax specialists to evaluate management's application of the relevant tax regulations when performing the tax computation, on sample basis. We also examined the correspondences with tax authorities and identified if there were any uncertain tax positions or tax disputes. We also assessed the adequacy of the disclosures of income tax in the consolidated financial statements.

本核數師已取得管理層提供的有關明細表來評估其稅項計算並重新計算所得稅開支。本核數師已按相應會計紀錄或其他相關文件核查該等管理層明細表中所用財務資料。本核數師已請內部稅務專家參與抽樣評估管理層在計算稅務時是否依循相關稅務法規。本核數師亦已核查與稅務機關的通信並確定是否存在任何不明稅務狀態或稅務糾紛。本核數師還評估了綜合財務報表有關所得稅的披露是否充足。

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Key audit matter 關鍵審計事項

How our audit addressed the key audit matter 本核數師審計應對關鍵審計事項的方式

Valuation of investment properties 投資物業估值

As at 31 December 2018, the Group had investment properties amounting to RMB10,526 million which are measured at fair value. Management engaged an external valuer to determine the fair values of the investment properties. Different valuation models were applied by the external valuer on different types of investment properties held by the Group. We identified this as a key audit matter because the carrying amount of the investment properties is significant to the Group and significant estimation is required to determine the fair values of the investment properties.

Related disclosures of accounting judgements and estimates and fair values of investment properties are included in notes 3 and 14 to the consolidated financial statements.

於2018年12月31日，貴集團按公允值計量的投資物業為人民幣105.26億元。管理層委聘外部估值師來釐定投資物業的公允值。外部估值師對貴集團所持不同類型的投資物業採用不同的估值方法。本核數師認為此乃關鍵審計事項，是因為投資物業賬面值對貴集團而言屬重大且釐定投資物業公允值需要作出重大估計。

有關會計判斷及估計和投資物業公允值的披露載於綜合財務報表附註3及14。

We evaluated the objectivity, independence and competency of the external valuer engaged by management.

We also involved our internal valuation specialists to assist us in evaluating the assumptions, methodologies and parameters adopted in the valuation, on a sample basis. Our internal valuation specialists independently re-performed the valuation based on the market value, rental value, capitalisation rates and development profit of the properties located in the adjacent location.

We reviewed management's development plans and budgets with reference to statistics for estimated construction costs and signed construction contracts or quotations from suppliers.

We compared the valuation performed by the external valuer to the range provided by our internal valuation specialists. We further assessed the correctness of the property related data used as inputs for the valuation.

We conducted site visits to investment properties under construction to observe the progress of the development on a sample basis.

We also assessed the adequacy of the disclosures of the valuation of the investment properties in the consolidated financial statements.

本核數師已對管理層委聘的外部估值師的客觀性、獨立性及能力進行評估。

本核數師亦已請內部估值專家以協助抽樣評估估值所用假設、方法及參數。本核數師的內部估值專家根據附近地區物業的市場價值、租金價值、資本化率及開發利潤進行獨立重估。

本核數師已審閱管理層的發展計劃及預算，參考數據包括預計建築成本及已簽訂建築合約或供應商報價。

本核數師將外部估值師所進行評估與本核數師的內部估值專家所提供的參數範圍進行比較。本核數師進一步評估用作估值輸入數據的物業相關數據之正確性。

本核數師抽樣實地視察在建投資物業，以觀察開發進度。

本核數師亦評估綜合財務報表有關投資物業估值的披露是否充足。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Key audit matter

關鍵審計事項

How our audit addressed the key audit matter

本核數師審計應對關鍵審計事項的方式

Acquisition of subsidiaries through business combinations

業務合併收購的附屬公司

During the year ended 31 December 2018, the Group has completed several significant business acquisitions (collectively the "Acquisitions") for a total consideration of RMB6,695 million.

The management accounted for the Acquisitions as business combinations using the acquisition method under HKFRS 3 (Revised) *Business Combinations* and has exercised significant judgement in establishing the initial estimates of the fair values of the identifiable assets and liabilities acquired together with goodwill or gain on bargain purchase arising from the Acquisitions in preparing their purchase price allocations and in particular, the Group engaged an external valuer to assist in the valuation of property projects acquired.

Related disclosures of accounting policies, accounting judgements and estimates, goodwill and business combinations are included in notes 2.4, 3, 15 and 37(b) to the consolidated financial statements.

截至2018年12月31日止年度，貴集團完成數次重大業務收購（統稱「收購事項」），總代價為人民幣66.95億元。

管理層根據香港財務報告準則第3號（經修訂）業務合併採用收購法將收購事項入賬為業務合併，並於得出所收購可識別資產及負債公允值連同收購事項所產生商譽或議價收購收益（編製收購價分配）的初步估計時使用重大判斷。此外，貴集團已委聘外部估值師協助對所收購投資物業進行估值。

有關會計政策、會計判斷及估計、商譽和業務合併的披露載於綜合財務報表附註2.4、3、15及37(b)。

We read the revised memorandum and articles of association and equity transfer agreements and assessed whether the correct accounting treatment has been applied, including the timing at which control has been passed.

We obtained and reviewed the purchase price allocation schedule prepared by the management.

We evaluated the objectivity, independence and competency of the external valuer engaged by management.

We involved our internal valuation specialists to assist us in evaluating the assumptions, methodologies and parameters adopted in the valuation, on a sample basis. Our internal valuation specialists independently re-performed the valuation based on the market value, capitalisation rates and development profit of the properties located in the adjacent location.

We reviewed management's development plans and budgets with reference to statistics for estimated construction costs and signed construction contracts or quotations from suppliers.

We compared the valuation performed by the external valuer to the range provided by our internal valuation specialists. We further assessed the correctness of the property related data used as inputs for the valuation.

We conducted site visits of the property projects to observe its physical status on a sample basis.

We also assessed the adequacy of the disclosures of the business combinations in the consolidated financial statements.

本核數師已閱讀經修訂的組織章程大綱及細則和股權轉讓協議，評估是否已應用正確的會計處理方法（包括控制權轉移的時間）。

本核數師已接獲及審閱管理層編製的收購價分配計劃。本核數師已評估管理層委聘的外部估值師是否客觀、獨立且能夠勝任。

本核數師已請內部估值專家協助抽樣評估估值所用假設、方法及參數。本核數師的內部估值專家根據附近地區物業的市場價值、資本化率及開發利潤進行獨立重估。

本核數師已審閱管理層的發展計劃及預算，參考數據包括預計建築成本及已簽訂建築合約或供應商報價。

本核數師將外部估值師所進行評估與本核數師的內部估值專家所提供的參數範圍進行比較。本核數師進一步評估用作估值輸入數據的物業相關數據之正確性。

本核數師抽樣實地視察物業項目，以觀察物業情況。

本核數師亦評估綜合財務報表有關業務合併的披露是否充足。

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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.

年報內的其他資料

貴公司董事需對其他資料負責。其他資料包括年報內的信息，不包括綜合財務報表及本核數師就此發出的核數師報告。

本核數師對綜合財務報表的意見並不涵蓋其他資料，本核數師亦不對其他資料發表任何形式的鑒證結論。

就本核數師審計綜合財務報表而言，本核數師的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或本核數師在審計過程中所了解的情況有重大抵觸，或者存在有重大錯誤陳述的情況。基於本核數師已執行的工作，如果本核數師認為其他資料有重大錯誤陳述，本核數師需要報告該事實。在這方面，本核數師沒有任何報告。

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香港會計師公會頒佈的香港財務報告準則及香港公司條例之披露規定編製真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所必需的內部控制負責。

在編製綜合財務報表時，貴公司董事負責評估貴集團持續經營的能力，並在適當情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非貴公司董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助貴公司董事履行監督貴集團財務報告過程的責任。

Independent Auditor's Report (Continued)
獨立核數師報告(續)

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.

核數師就審計綜合財務報表承擔的責任

本核數師的目標，是對綜合財務報表是否不存在由於欺詐或錯誤而導致的任何重大錯誤陳述取得合理保證，並出具包括本核數師意見的核數師報告。本核數師僅向全體成員報告，除此之外本報告別無其他目的。本核數師不會就本報告的內容向任何其他人士負上或承擔任何責任。

合理保證是高水平的保證，但不能保證按香港審計準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們個別或滙總起來可能影響綜合財務報表使用者所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據香港審計準則進行審計的過程中，本核數師運用了專業判斷，保持了專業懷疑態度。本核數師亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及取得充足和適當的審計憑證，作為本核數師意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險較因錯誤而導致的重大錯誤陳述的風險為高。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露資料的合理性。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

核數師就審計綜合財務報表承擔的責任(續)

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所得的審計憑證，決定是否存在與事件或情況有關的重大不確定性，而可能對貴集團持續經營的能力構成重大疑慮。如果本核數師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對綜合財務報表中的相關披露資料的關注。假若有關的披露不足，則本核數師應當發表非無保留意見。本核數師的結論是基於截至核數師報告日止所取得的審計憑證。然而，未來事件或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否公允反映相關交易和事項。
- 就貴集團中實體或業務活動的財務資料獲取充分、適當的審計證據，以對綜合財務報表發表意見。本核數師負責貴集團審計的指導、監督和執行。本核數師對審計意見承擔全部責任。

除其他事項外，本核數師與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等事項，包括本核數師在審計期間識別出內部控制的任何重大缺陷。

本核數師還向審核委員會提交聲明，說明本核數師已符合有關獨立性的相關專業道德要求，並與他們溝通所有合理地被認為會影響本核數師獨立性的關係和其他事項，以及在適用的情況下，相關的防範措施。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

**AUDITOR'S RESPONSIBILITIES FOR THE
AUDIT OF THE CONSOLIDATED
FINANCIAL STATEMENTS (Continued)**

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chow Chi Chung.

**核數師就審計綜合財務報表承擔的
責任(續)**

從與審核委員會溝通的事項中，本核數師決定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。本核數師會在核數師報告中描述這些事項，除非法律法規不允許對某件事項作出公開披露，或在極端罕見的情況下，若有合理預期在本核數師報告中溝通某事項而造成的負面後果超過其產生的公眾利益，本核數師將不會在此等情況下在報告中溝通該事項。

本獨立核數師報告的審計項目合夥人是鄒志聰。

Ernst & Young*Certified Public Accountants*

22/F, CITIC Tower

1 Tim Mei Avenue

Central, Hong Kong

28 March 2019

安永會計師事務所*執業會計師*

香港中環

添美道1號

中信大廈22樓

2019年3月28日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

Year ended 31 December 2018 截至2018年12月31日止年度

		Notes	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
REVENUE	收入	5	24,305,871	21,700,673
Cost of sales	銷售成本		(16,838,626)	(14,017,619)
Gross profit	毛利		7,467,245	7,683,054
Fair value gain on investment properties, net	投資物業公允值收益淨額	14	165,831	380,069
Other income and gains	其他收入及收益	5	497,215	202,311
Selling and distribution expenses	銷售及分銷成本		(459,152)	(490,771)
Administrative expenses	行政開支		(606,179)	(499,882)
Other expenses	其他開支		(54,484)	(292,891)
Finance costs	融資成本	6	(223,352)	(708,340)
Share of profits and losses of joint ventures	應佔合營公司損益額		(74,265)	(64,719)
Share of profits and losses of associates	應佔聯營公司損益額		21,849	(18,771)
PROFIT BEFORE TAX	除稅前利潤	7	6,734,708	6,190,060
Income tax expense	所得稅開支	10	(3,008,605)	(3,062,991)
PROFIT FOR THE YEAR	年度利潤		3,726,103	3,127,069
Attributable to:	以下各方應佔：			
Owners of the parent	母公司擁有人		3,504,940	2,790,047
Non-controlling interests	非控股權益		221,163	337,022
			3,726,103	3,127,069
EARNINGS PER SHARE	母公司普通股權益持有人			
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	應佔每股盈利			
Basic (RMB per share)	基本(每股人民幣)	12	0.78	0.70
Diluted (RMB per share)	攤薄(每股人民幣)	12	0.78	0.69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

Year ended 31 December 2018 截至2018年12月31日止年度

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
PROFIT FOR THE YEAR	年度利潤	3,726,103	3,127,069
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods — Exchange differences on translation of foreign operations	於其後期間將重新分類至損益之其他全面收益／(虧損) — 海外業務換算之匯兌差額	(972,612)	718,751
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年度全面收益總額	2,753,491	3,845,820
Attributable to:	以下各方應佔：		
Owners of the parent	母公司擁有人	2,532,328	3,508,798
Non-controlling interests	非控股權益	221,163	337,022
		2,753,491	3,845,820

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2018 2018年12月31日

		Notes 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	934,017	874,715
Investment properties	投資物業	14	10,525,825	8,140,210
Land held for property development for sale	持作物業開發銷售用途的土地	18	215,224	215,224
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	21	1,029,512	—
Goodwill	商譽	15	1,133,070	—
Investments in joint ventures	於合營公司投資	16	6,204,784	6,387,378
Investments in associates	於聯營公司投資	17	3,807,748	602,365
Deferred tax assets	遞延稅項資產	31	742,157	526,074
Total non-current assets	非流動資產總額		24,592,337	16,745,966
CURRENT ASSETS	流動資產			
Land held for property development for sale	持作物業開發銷售用途的土地	18	5,680,204	9,173,473
Properties under development	在建物業	19	26,614,206	10,263,940
Properties held for sale	持作銷售用途的物業	20	13,051,659	8,121,694
Prepayments for acquisition of land	收購土地預付款項		—	2,109,667
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	21	14,683,118	15,630,318
Prepaid corporate income tax	預付企業所得稅		505,730	127,813
Prepaid land appreciation tax	預付土地增值稅		656,400	216,020
Derivative financial instruments	衍生金融工具	26	—	17,718
Restricted cash	受限制現金	22	2,117,120	1,901,969
Cash and cash equivalents	現金及現金等價物	22	27,162,230	15,596,239
Total current assets	流動資產總額		90,470,667	63,158,851
CURRENT LIABILITIES	流動負債			
Receipts in advance	預收款項	23	—	10,268,840
Contract liabilities	合約負債	23	13,752,438	—
Trade payables	貿易應付款項	24	6,857,073	5,153,520
Other payables and accruals	其他應付款項及應計費用	25	22,960,107	12,468,016
Interest-bearing bank and other borrowings	計息銀行及其他借貸	27	8,679,618	6,704,340
Corporate bonds	公司債券	28	7,200,000	10,000,000
Senior notes	優先票據	29	550,074	—
Corporate income tax payables	應付企業所得稅		2,552,345	1,893,370
Provision for land appreciation tax	土地增值稅撥備	30	1,962,590	1,505,218
Derivative financial instruments	衍生金融工具	26	5,884	19,229
Total current liabilities	流動負債總額		64,520,129	48,012,533
NET CURRENT ASSETS	流動資產淨額		25,950,538	15,146,318
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		50,542,875	31,892,284

Consolidated Statement of Financial Position (Continued)
綜合財務狀況表(續)

31 December 2018 2018年12月31日

		Notes 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
NON-CURRENT LIABILITIES	非流動負債			
Other payables	其他應付款項	25	—	2,560,449
Interest-bearing bank and other borrowings	計息銀行及其他借貸	27	12,468,045	7,007,525
Corporate bonds	公司債券	28	3,800,000	—
Senior notes	優先票據	29	10,934,118	3,855,621
Deferred tax liabilities	遞延稅項負債	31	1,910,360	1,025,453
Total non-current liabilities	非流動負債總額		29,112,523	14,449,048
Net assets	資產淨額		21,430,352	17,443,236
EQUITY	權益			
Equity attributable to owners of the parent	母公司擁有人應佔權益			
Issued capital	已發行股本	32	410,035	355,982
Senior perpetual securities	高級永續證券	35	1,911,986	1,911,986
Reserves	儲備	34	17,164,569	14,113,513
			19,486,590	16,381,481
Non-controlling interests	非控股權益		1,943,762	1,061,755
Total equity	權益總額		21,430,352	17,443,236

Lam Lung On

林龍安

Director

董事

Kwok Ying Lan

郭英蘭

Director

董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2018 截至2018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		Total equity
Notes		Issued capital	Share premium account	Statutory surplus reserve	Exchange fluctuation reserve	Share option reserve	Capital reserve	Retained profits	Senior perpetual securities	Total		
附註		已發行股本	股份溢價賬	法定盈餘儲備	匯兌波動儲備	購股權儲備	資本儲備	保留利潤	高級永續證券	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	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(note 32)		(note 34(i))			(note 34(ii))		(note 35)			
		(附註32)		(附註34(i))			(附註34(ii))		(附註35)			
At 1 January 2018	於2018年1月1日	355,982	1,044,202	62,642	393,093	11,277	(335,795)	12,938,094	1,911,986	16,381,481	1,061,755	17,443,236
Profit for the year	年度利潤	—	—	—	—	—	—	3,504,940	—	3,504,940	221,163	3,726,103
Other comprehensive loss for the year:	年度其他全面虧損：											
Exchange differences related to foreign operations	海外業務相關之匯兌差額	—	—	—	(972,612)	—	—	—	—	(972,612)	—	(972,612)
Total comprehensive (losses)/income for the year	年度全面(虧損)/收益總額	—	—	—	(972,612)	—	—	3,504,940	—	2,532,328	221,163	2,753,491
Final 2017 dividend	2017年年終股息	—	(780,314)	—	—	—	—	—	—	(780,314)	—	(780,314)
Issue of shares	發行股份	40,463	1,561,873	—	—	—	—	—	—	1,602,336	—	1,602,336
Interim 2018 dividend	2018年中期股息	—	(403,551)	—	—	—	—	—	—	(403,551)	—	(403,551)
Issue of shares for scrip dividend	發行以股代息股份	13,438	348,313	—	—	—	—	—	—	361,751	—	361,751
Repurchase of own shares	購回自身股份	32(e)	(351)	(9,568)	—	—	—	—	—	(9,919)	—	(9,919)
Issue of shares in connection with the exercise of share options	就行使購股權發行股份											
		503	10,276	—	—	(984)	—	—	—	9,795	—	9,795
Acquisition of subsidiaries	收購附屬公司	—	—	—	—	—	—	—	—	—	673,823	673,823
Acquisition of non-controlling interests	收購非控股權益	—	—	—	—	—	(108,423)	—	—	(108,423)	(39,479)	(147,902)
Capital contribution from non-controlling shareholders	非控股股東出資	—	—	—	—	—	—	—	—	—	26,500	26,500
Distribution to holders of senior perpetual securities	向高級永續證券持有人分派	—	—	—	—	—	—	(106,546)	—	(106,546)	—	(106,546)
Equity-settled share option arrangements	以權益支付購股權之安排	33(a)	—	—	—	7,652	—	—	—	7,652	—	7,652
At 31 December 2018	於2018年12月31日	410,035	1,771,231*	62,642*	(579,519)*	17,945*	(444,218)*	16,336,488*	1,911,986	19,486,590	1,943,762	21,430,352

Consolidated Statement of Changes in Equity (Continued)

綜合權益變動表(續)

Year ended 31 December 2018 截至2018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		Total equity
Notes	Issued capital	Share premium account	Statutory surplus reserve	Exchange fluctuation reserve	Share option reserve	Capital reserve	Retained profits	Senior perpetual securities		Total			
附註	已發行股本	股份溢價賬	法定盈餘儲備	匯兌波動儲備	購股權儲備	資本儲備	保留利潤	證券		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	RMB'000	
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元		人民幣千元	人民幣千元	人民幣千元	
	(note 32)		(note 34(ii))			(note 34(iii))		(note 35)					
	(附註32)		(附註34(i))			(附註34(iii))		(附註35)					
At 1 January 2017	於2017年1月1日	324,472	388,122	62,642	(325,658)	11,375	(324,414)	10,529,572	—	10,666,111	1,006,625	11,672,736	
Profit for the year	年度利潤	—	—	—	—	—	—	2,790,047	—	2,790,047	337,022	3,127,069	
Other comprehensive income for the year:	年內其他全面收益：												
Exchange differences related to foreign operations	海外業務相關之匯兌差額	—	—	—	718,751	—	—	—	—	718,751	—	718,751	
Total comprehensive income for the year	年內全面收益總額	—	—	—	718,751	—	—	2,790,047	—	3,508,798	337,022	3,845,820	
Final 2016 dividend	2016年年終股息	—	(388,122)	—	—	—	—	(353,700)	—	(741,822)	—	(741,822)	
Acquisition of non-controlling interests	收購非控股權益	—	—	—	—	—	(11,381)	—	—	(11,381)	(600,619)	(612,000)	
Issuance of senior perpetual securities	發行高級永續證券	35	—	—	—	—	—	1,911,986	—	1,911,986	—	1,911,986	
Issue of shares	發行股份	29,822	1,292,083	—	—	—	—	—	—	1,321,905	—	1,321,905	
Interim 2017 dividend	2017年中期股息	—	(280,829)	—	—	—	—	—	—	(280,829)	—	(280,829)	
Issue of shares in connection with the exercise of share options	就行使購股權發行股份	1,688	32,948	—	—	(4,734)	—	—	—	29,902	—	29,902	
Capital contribution from non-controlling shareholders	非控股股東出資	—	—	—	—	—	—	—	—	—	107,800	107,800	
Acquisition of subsidiaries	收購附屬公司	37(b)	—	—	—	—	—	—	—	—	210,927	210,927	
Distribution to holders of senior perpetual securities	向高級永續證券持有人分派	—	—	—	—	—	—	(27,825)	—	(27,825)	—	(27,825)	
Equity-settled share option arrangements	以權益支付購股權之安排	33(a)	—	—	—	4,636	—	—	—	4,636	—	4,636	
At 31 December 2017	於2017年12月31日	355,982	1,044,202*	62,642*	393,093*	11,277*	(335,795)*	12,938,094*	1,911,986	16,381,481	1,061,755	17,443,236	

* These reserve accounts comprise the consolidated reserves of RMB17,164,569,000 (2017: RMB14,113,513,000) in the consolidated statement of financial position.

* 該等儲備賬包括綜合財務狀況表中載列的綜合儲備人民幣17,164,569,000元(2017年：人民幣14,113,513,000元)。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2018 截至2018年12月31日止年度

	Notes 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動產生的現金流量		
Profit before tax	除稅前利潤	6,734,708	6,190,060
Adjustments for:	就以下項目作出調整：		
Finance costs	融資成本	223,352	496,676
Bank interest income	銀行利息收入	(337,292)	(95,234)
Depreciation	折舊	77,147	82,786
Fair value loss on derivative financial instruments	衍生金融工具公允價值虧損	30,318	64,215
Loss on extinguishment of financial liabilities	抵銷金融負債的虧損	—	211,664
Loss on deemed disposal of subsidiaries	視作出售附屬公司的虧損	—	17,479
Gain on disposal of investment properties, net	出售投資物業的收益淨額	—	(4,024)
Impairment of goodwill	商譽減值	—	100,401
Share of profits and losses of joint ventures	應佔合營公司損益額	74,265	64,719
Share of profits and losses of associates	應佔聯營公司損益額	(21,849)	18,771
Fair value gain on investment properties, net	投資物業的公允價值收益淨額	(165,831)	(380,069)
Equity-settled share option expense	以股權結算購股權開支	7,652	4,636
Gain on bargain purchase on acquisition of a subsidiary	收購附屬公司之議價收購收益	(58,246)	—
		6,564,224	6,772,080
(Increase)/decrease in properties under development	在建物業(增加)/減少	(4,860,832)	2,064,494
Decrease in properties held for sale	持作銷售用途的物業減少	13,440,288	7,446,873
Decrease/(increase) in prepayments for acquisition of land	收購土地預付款項減少/(增加)	370,380	(6,998,086)
Decrease/(increase) in prepayments, other receivables and other assets	預付款、其他應收款項及其他資產減少/(增加)	1,958,389	(1,397,164)
Decrease in receipts in advance	預收款項減少	(10,268,840)	(1,741,118)
Decrease in contract liabilities	合約負債減少	(1,137,932)	—
Decrease in trade payables	貿易應付款項減少	(137,879)	(537,469)
Increase in other payables and accruals	其他應付款項及應計費用增加	3,766,513	1,343,123
Cash generated from operations	經營活動產生的現金	9,694,311	6,952,733
Interest received	已收利息	337,292	95,234
Interest paid	已付利息	(3,018,064)	(2,034,990)
PRC corporate income tax paid	已繳中國企業所得稅	(2,434,741)	(983,908)
PRC land appreciation tax paid	已繳中國土地增值稅	(1,421,489)	(1,516,954)
Net cash flows from operating activities	經營活動產生之現金流量淨額	3,157,309	2,512,115

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

Year ended 31 December 2018 截至2018年12月31日止年度

	Notes 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動產生的現金流量		
Repayment of loans from joint ventures	償還合營公司貸款	6,906,605	1,924,590
Repayment of loans from/(advance of loans to) associates	償還聯營公司貸款／向聯營公司墊付款項	798,367	(3,991,729)
Purchases of items of property, plant and equipment	購買物業、廠房及設備項目	13 (50,030)	(477,566)
Investments in joint ventures	於合營公司投資	(4,360,025)	(2,186,510)
Investments in associates	於聯營公司投資	(171,239)	(536,781)
Disposals of subsidiaries	出售附屬公司	38 159,882	110,990
Acquisitions of subsidiaries	收購附屬公司	(4,601,162)	(4,722,127)
Additions of investment properties	添置投資物業	14 (58,519)	(407,221)
Increase in restricted cash	受限制現金增加	(215,151)	(83,023)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	3,434	2,164
Proceeds from disposal of investment properties	出售投資物業所得款項	—	209,894
Net cash flows used in investing activities	投資活動所用現金流量淨額	(1,587,838)	(10,157,319)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動產生的現金流量		
Capital contributions from non-controlling shareholders	非控股股東出資	26,500	107,800
Acquisition of non-controlling interests	收購非控股權益	(147,902)	(612,000)
Increase in amounts due to non-controlling shareholders	應付非控股股東款項增加	37,682	211,902
Loan from a joint venture	一間合營公司貸款	—	60,000
New bank and other borrowings	新增銀行及其他借貸	11,475,283	11,007,802
Repayment of bank and other borrowings	償還銀行及其他借貸	(10,248,133)	(3,763,282)
Proceeds from issue of senior notes	發行優先票據所得款項	6,807,780	2,396,000
Redemption of senior notes	贖回優先票據	—	(3,917,313)
Proceeds from issue of corporate bonds	發行公司債券所得款項	3,000,000	—
Repayment of corporate bonds	償還公司債券	(2,000,000)	—
Proceeds from issue of shares	發行股份所得款項	1,602,336	1,321,905
Proceeds from issue of senior perpetual securities	發行高級永續證券所得款項	—	1,911,986
Proceeds from issuance of shares in connection with the exercise of share options	就行使購股權發行股份所得款項	9,795	29,902
Dividends paid	已付股息	(567,421)	(1,440,651)
Payment for repurchase of shares	購回股份付款	(9,919)	—
Distribution to holders of senior perpetual securities	向高級永續證券持有人分派	(106,546)	—
Net cash flows from financing activities	融資活動產生的現金流量淨額	9,879,455	7,314,051
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加／(減少)淨額	11,448,926	(331,153)

Consolidated Statement of Cash Flows (Continued)
綜合現金流量表(續)

Year ended 31 December 2018 截至2018年12月31日止年度

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Cash and cash equivalents at beginning of year	年初現金及現金等價物	15,596,239	15,598,588
Effect of foreign exchange rate changes, net	匯率變動影響淨額	117,065	328,804
CASH AND CASH EQUIVALENTS AT END OF YEAR	年末現金及現金等價物	27,162,230	15,596,239

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2018 2018年12月31日

1. CORPORATE AND GROUP INFORMATION

Yuzhou Properties Company Limited (the "Company") is a limited liability company incorporated in the Cayman Islands and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). The registered office of the Company is located at 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands and its principal place of business in Hong Kong is located at 6th Floor, Yardley Commercial Building, 3 Connaught Road West, Sheung Wan, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in property development, property investment, property management and hotel operations in mainland of the People's Republic of China (the "PRC" or "Mainland China") and Hong Kong.

In the opinion of the directors, Mr. Lam Lung On and Ms. Kwok Ying Lan, both being directors of the Company, are considered as the controlling shareholders of the Company.

1. 公司及集團資料

禹洲地產股份有限公司(「本公司」)乃於開曼群島註冊成立的有限責任公司，其股份於香港聯合交易所有限公司(「香港聯交所」)主板上市。本公司的註冊辦事處位於4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands，其香港主要營業地址為香港上環干諾道西3號億利商業大廈6樓。

年內，本公司及其附屬公司(統稱「本集團」)主要於中華人民共和國大陸(「中國」或「中國大陸」)及香港從事物業開發、物業投資、物業管理以及酒店業務。

董事認為，本公司董事林龍安先生及郭英蘭女士被視為本公司控股股東。

31 December 2018 2018年12月31日

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)

附屬公司之資料

本公司主要附屬公司之詳情如下：

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊及 經營的地點	Nominal value of issued and paid-up/registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xiamen Yaozhou Real Estate Development Co., Ltd.* (Note) 廈門堯洲房地產開發有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB10,800,000 人民幣10,800,000元	—	100%	Property development 物業開發
Xiamen Gangyi Real Estate Marketing Agent Co., Ltd.* (Note) 廈門港誼房產營銷代理有限公司* (附註)	PRC/Mainland China 中國／中國大陸	HK\$5,000,000 港幣5,000,000元	—	100%	Marketing 營銷
Xiamen Yuzhou Commercial Investment & Management Co., Ltd.* (Note) 廈門禹洲商業投資管理有限公司* (附註)	PRC/Mainland China 中國／中國大陸	HK\$5,000,000 港幣5,000,000元	—	100%	Property management 物業管理
Xiamen Diyuan Bonded Storage and Distribution Co., Ltd.* (Note) 廈門帝元保稅儲運有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB20,000,000 人民幣20,000,000元	—	100%	Property development 物業開發
Xiamen Kim International Realty Development Co., Ltd.* (Note) 廈門金國際地產發展有限公司* (附註)	PRC/Mainland China 中國／中國大陸	US\$113,600,000 113,600,000美元	—	100%	Property development 物業開發
Xiamen Richville Development Ltd.* (Note) 廈門貴豐房地產開發有限公司* (附註)	PRC/Mainland China 中國／中國大陸	US\$55,000,000 55,000,000美元	—	100%	Property development 物業開發

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

1. 公司及集團資料(續)

附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊及 經營的地點	Nominal value of issued and paid-up/registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xiamen Gangyi Real-Estate Co., Ltd.* (Note) 廈門港詒置業有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB160,000,000 人民幣160,000,000元	—	100%	Property development 物業開發
Xiamen Fengzhou Real-Estate Co., Ltd.* (Note) 廈門豐洲置業有限公司*(附註)	PRC/Mainland China 中國／中國大陸	HK\$18,000,000 港幣18,000,000元	—	100%	Property development 物業開發
Xiamen Yuzhou Grand Future Real Estate Development Co., Ltd.* (Note) 廈門禹洲鴻圖地產開發有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB1,500,000,000 人民幣1,500,000,000元	—	100%	Property development 物業開發
Xiamen Skyplaz Realty & Development Co., Ltd.* (Note) 廈門海天房地產開發有限公司*(附註)	PRC/Mainland China 中國／中國大陸	US\$25,000,000 25,000,000美元	—	100%	Property development 物業開發
Hefei Yuzhou Real Estate Development Co., Ltd.* (Note) 合肥禹洲房地產開發有限公司* (附註)	PRC/Mainland China 中國／中國大陸	US\$90,000,000 90,000,000美元	—	100%	Property development 物業開發
Xiamen Huaqiao City Real Estate Co., Ltd.* (Note) 廈門華僑城房地產開發有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB20,000,000 人民幣20,000,000元	—	100%	Property development 物業開發
Anhui Overseas City Construction & Development Co., Ltd.* (Note) 安徽華僑城建設發展有限公司* (附註)	PRC/Mainland China 中國／中國大陸	US\$3,000,000 3,000,000美元	—	100%	Property investment 物業投資

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

1. 公司及集團資料(續)

附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊及 經營的地點	Nominal value of issued and paid-up/registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xiamen Yuzhou Group Ltd. [®] (Note) 廈門禹洲集團股份有限公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB116,064,000 人民幣116,064,000元	—	100%	Property investment 物業投資
Shanghai Kangtai Real Estate Development Co., Ltd. [®] (Note) 上海康泰房地產開發有限公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB30,000,000 人民幣30,000,000元	—	100%	Property development 物業開發
Shanghai Jinyue Real Estate Development Co., Ltd. [®] (Note) 上海金躍房地產開發有限公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB100,000,000 人民幣100,000,000元	—	100%	Property development 物業開發
Shanghai Yuzhou Real Estate Investment Co. Ltd. [®] (Note) 上海禹洲房地產投資有限公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB100,000,000 人民幣100,000,000元	—	100%	Property development 物業開發
Shanghai Yanhai Real Estate Development Co., Ltd. [®] (Note) 上海燕海房地產開發經營有限 責任公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB48,450,000 人民幣48,450,000元	—	100%	Property development 物業開發
Shanghai Liyade Property Investment Co., Ltd. [®] (Note) 上海利雅得投資置業有限公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB42,000,000 人民幣42,000,000元	—	100%	Property development 物業開發
Shanghai Yuzhou Hotel Management Co., Ltd. [®] (Note) 上海禹洲酒店管理有限公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB2,000,000 人民幣2,000,000元	—	100%	Hotel management 酒店管理

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

1. 公司及集團資料(續)

附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊及 經營的地點	Nominal value of issued and paid-up/registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Yuzhou Real Estate Service Company Limited [®] (Note) 禹洲物業服務有限公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB50,000,000 人民幣50,000,000元	—	100%	Property management 物業管理
Xiamen Yuzhou Property Development Co., Ltd. [®] (Note) 廈門禹洲房地產開發有限公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB23,600,000 人民幣23,600,000元	—	100%	Property development 物業開發
Fujian Yingfeng Real Estate Investment Co., Ltd. [®] (Note) 福建盈峰地產投資有限公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB50,000,000 人民幣50,000,000元	—	100%	Property investment 物業投資
Fujian Wanlong Property Management Co., Ltd. [®] (Note) 福建萬龍物業管理服務有限公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB5,000,000 人民幣5,000,000元	—	100%	Property management 物業管理
Hefei Ludong Real Estate Development Co., Ltd. [®] (Note) 合肥廬東房地產開發有限責任公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB80,000,000 人民幣80,000,000元	—	100%	Property development 物業開發
Hefei Kangli Realty Co., Ltd. [®] (Note) 合肥市康麗置業有限公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB30,000,000 人民幣30,000,000元	—	100%	Property development 物業開發
Coastal Greenland Development (Fujian) Limited [#] 沿海綠色家園發展(福建)有限公司 [#]	PRC/Mainland China 中國／中國大陸	US\$10,000,000 10,000,000美元	—	100%	Property development 物業開發

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

1. 公司及集團資料(續)

附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊及 經營的地點	Nominal value of issued and paid-up/registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xiamen Shunzhou Real Estate Development Co., Ltd.* (Note) 廈門舜洲房地產開發有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB800,000,000 人民幣800,000,000元	—	100%	Property development 物業開發
Xiamen Yuzhou Seaview Property Development Co., Ltd.* (Note) 廈門禹洲海景城房地產有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB1,500,000,000 人民幣1,500,000,000元	—	100%	Property development 物業開發
Shanghai Yuzhou Real Estate Development Co., Ltd.* (Note) 上海禹洲房地產開發有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB100,000,000 人民幣100,000,000元	—	100%	Property development 物業開發
Shanghai Nankai Realty Development Ltd.* (Note) 上海南凱置業發展有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB90,000,000 人民幣90,000,000元	—	100%	Property development 物業開發
Shanghai Kangyi Real Estate Development Co., Ltd.* (Note) 上海康怡房地產開發有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB48,714,300 人民幣48,714,300元	—	100%	Property development 物業開發
Yuzhou Properties (Beijing) Co., Ltd.* (Note) 禹洲地產(北京)有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB100,000,000 人民幣100,000,000元	—	100%	Property development 物業開發
Yuzhou Properties (Quanzhou) Co., Ltd.* (Note) 禹洲地產(泉州)有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB150,000,000 人民幣150,000,000元	—	100%	Property development 物業開發
Xin Yi Fang Tian (Quanzhou) Construction Materials Co., Ltd.* (Note) 新易方天(泉州)建築材料有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB10,000,000 人民幣10,000,000元	—	100%	Trading of building materials 買賣建築材料

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

1. 公司及集團資料(續)

附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊及經營的地點	Nominal value of issued and paid-up/registered capital 已發行及繳足股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Tianjin Yuzhou Jinhai Real Estate Investment Co., Ltd.® (Note)	PRC/Mainland China	RMB200,000,000	—	100%	Property development
天津禹洲津海地產投資有限公司® (附註)	中國／中國大陸	人民幣200,000,000元	—	100%	物業開發
Xiamen Xiang'anwan Baseball and Softball Industrial Investment Co., Ltd.® (Note)	PRC/Mainland China	RMB10,000,000	—	76.25%	Property development
廈門翔安灣棒壘球產業投資有限公司® (附註)	中國／中國大陸	人民幣10,000,000元	—	76.25%	物業開發
Xiamen Gangyi Communication Co., Ltd.® (Note)	PRC/Mainland China	RMB5,000,000	—	100%	Property development
廈門港誼通訊有限公司® (附註)	中國／中國大陸	人民幣5,000,000元	—	100%	物業開發
Xiamen Junyu Trade Co., Ltd.® (Note)	PRC/Mainland China	RMB50,000,000	—	100%	Trading of construction materials
廈門俊宇貿易有限公司® (附註)	中國／中國大陸	人民幣50,000,000元	—	100%	買賣建築材料
Xiamen Xin Cheng Li Da Trading Co., Ltd.® (Note)	PRC/Mainland China	RMB20,000,000	—	100%	Trading of construction materials
廈門信成立達貿易有限公司® (附註)	中國／中國大陸	人民幣20,000,000元	—	100%	買賣建築材料
Longyan Yuzhou Real Estate Development Co., Ltd.® (Note)	PRC/Mainland China	RMB500,000,000	—	100%	Property development
龍岩禹洲房地產開發有限公司® (附註)	中國／中國大陸	人民幣500,000,000元	—	100%	物業開發
Anhui Shengtian Property Co., Ltd.® (Note)	PRC/Mainland China	RMB150,000,000	—	100%	Property development
安徽晟天置業有限公司® (附註)	中國／中國大陸	人民幣150,000,000元	—	100%	物業開發
Anhui Shenghe Property Co. Ltd.® (Note)	PRC/Mainland China	RMB10,000,000	—	100%	Property development
安徽晟和置業有限公司® (附註)	中國／中國大陸	人民幣10,000,000元	—	100%	物業開發

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)
Information about subsidiaries (Continued)

1. 公司及集團資料(續)
附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊及 經營的地點	Nominal value of issued and paid-up/registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company 本公司應佔權益		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Huainan Yuzhou Real Estate Development Co., Ltd.* (Note) 淮南禹洲房地產開發有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB16,000,000 人民幣16,000,000元	—	100%	Property development 物業開發
Yuzhou Properties (Shanghai) Company Limited* (Note) 禹洲置業(上海)有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB600,000,000 人民幣600,000,000元	—	100%	Property development 物業開發
Fujian Yu Gang Construction Materials Company Limited* (Note) 福建禹港建築材料有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB18,290,700 人民幣18,290,700元	—	100%	Trading of building materials 買賣建築材料
Xiamen Rungang Property Investment Co., Ltd.* (Note) 廈門潤港投資置業有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB18,348,300 人民幣18,348,300元	—	100%	Property investment 物業投資
Xiamen Gangzhou Co., Ltd.* (Note) 廈門市港洲有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB300,000,000 人民幣300,000,000元	—	100%	Property development 物業開發
Xiamen Yuzhou City Co., Ltd.* (Note) 廈門禹洲城有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB1,680,000,000 人民幣1,680,000,000元	—	100%	Property development 物業開發
Xiamen Honggang Cultural and Creative Co., Ltd.* (Note) 廈門泓港文化創意有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB1,000,000 人民幣1,000,000元	—	100%	Property development 物業開發

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

1. 公司及集團資料(續)

附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊及 經營的地點	Nominal value of issued and paid-up/registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xiamen Yihai Consulting Co., Ltd. [®] (Note) 廈門亦海諮詢有限公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB1,000,000 人民幣1,000,000元	—	100%	Property development 物業開發
Hefei Shunzhou Realty Co., Ltd. ("Hefei Shunzhou")* (Note) 合肥舜洲置業有限公司 (「合肥舜洲」)*(附註)	PRC/Mainland China 中國／中國大陸	RMB1,200,000,000 人民幣1,200,000,000元	—	100%	Property development 物業開發
Fujian Big World Huaxia Real Estate Development Co., Ltd. [®] (Note) 福建大世界華夏房地產有限公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB1,110,000,000 人民幣1,110,000,000元	—	100%	Property development 物業開發
Yuzhou Properties (Hefei) Eastern Town Co., Ltd.* (Note) 禹洲置業(合肥)東城有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB1,800,000,000 人民幣1,800,000,000元	—	100%	Property development 物業開發
Hefei Yifeng Real Estate Development Co., Ltd. ("Hefei Yifeng") [®] (Note) 合肥溢豐房地產開發有限公司 (「合肥溢豐」) [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB300,000,000 人民幣300,000,000元	—	100%	Property development 物業開發
Nanjing Bozhou Real Estate Investment Co., Ltd. [®] (Note) 南京博洲房地產開發有限公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB1,880,000,000 人民幣1,880,000,000元	—	100%	Property development 物業開發
Shanghai Shunhong Real Estate Development Co., Ltd. [®] (Note) 上海舜鴻房地產開發有限公司 [®] (附註)	PRC/Mainland China 中國／中國大陸	RMB150,000,000 人民幣150,000,000元	—	100%	Property development 物業開發

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

1. 公司及集團資料(續)

附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊及 經營的地點	Nominal value of issued and paid-up/registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Nanjing Xiangzhou Real Estate Development Co., Ltd.® (Note) 南京翔洲房地產開發有限公司® (附註)	PRC/Mainland China 中國／中國大陸	RMB130,000,000 人民幣130,000,000元	—	100%	Property development 物業開發
Nanjing Shunhong Real Estate Development Co., Ltd.® (Note) 南京舜鴻房地產開發有限公司® (附註)	PRC/Mainland China 中國／中國大陸	RMB150,000,000 人民幣150,000,000元	—	51%	Property development 物業開發
Nanjing Haoyi Real Estate Development Co., Ltd.® (Note) 南京灝溢房地產開發有限公司®(附註)	PRC/Mainland China 中國／中國大陸	RMB355,000,000 人民幣355,000,000元	—	100%	Property development 物業開發
Xiamen Xiangzhou Real Estate Investment Co., Ltd. ("Xiamen Xiangzhou")® (Note) 廈門翔洲房地產開發有限公司 (「廈門翔洲」)®(附註)	PRC/Mainland China 中國／中國大陸	RMB50,000,000 人民幣50,000,000元	—	51%	Property development 物業開發
Jiangsu Guangsheng Property Co., Ltd. ("Jiangsu Guangsheng")® (Note) 江蘇廣升置業有限公司 (「江蘇廣升」)®(附註)	PRC/Mainland China 中國／中國大陸	RMB312,000,000 人民幣312,000,000元	—	73%	Property development 物業開發
Tianjin Yuzhou Yucheng Real Estate Development Co., Ltd.® (Note) 天津禹洲裕成房地產開發有限公司® (附註)	PRC/Mainland China 中國／中國大陸	RMB30,000,000 人民幣30,000,000元	—	100%	Property development 物業開發

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

1. 公司及集團資料(續)

附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊及 經營的地點	Nominal value of issued and paid-up/registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Nanjing Yongxiang Real Estate Development Co., Ltd.® (Note) 南京雍祥房地產開發有限公司® (附註)	PRC/Mainland China 中國／中國大陸	RMB200,000,000 人民幣200,000,000元	—	51%	Property development 物業開發
Huizhou Santian Industrial Development Co., Ltd. ("Huizhou Santian")® (Note) 惠州市三田實業發展有限公司 (「惠州三田」)®(附註)	PRC/Mainland China 中國／中國大陸	RMB61,224,500 人民幣61,224,500元	—	51%	Property development 物業開發
Xiamen Zhongrong Real Estate Development Co., Ltd.® (Note) 廈門中蓉房地產開發有限公司® (附註)	PRC/Mainland China 中國／中國大陸	RMB21,000,000 人民幣21,000,000元	—	100%	Property development 物業開發
Huizhou Dongrun Industrial Co., Ltd.® (Note) 惠州市東潤實業有限公司®(附註)	PRC/Mainland China 中國／中國大陸	RMB21,000,000 人民幣21,000,000元	—	100%	Property development 物業開發
Wuhan Lankong Real Estate Development Co., Ltd. ("Wuhan Lan Kong")® (Note) 武漢藍空房地產開發有限公司 (「武漢藍空」)®(附註)	PRC/Mainland China 中國／中國大陸	RMB421,060,000 人民幣421,060,000元	—	100%	Property development 物業開發
Great Bonus Limited 旺鴻有限公司	Hong Kong 香港	HK\$1 港幣1元	—	100%	Property development 物業開發

31 December 2018 2018年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

1. 公司及集團資料(續)

附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊及 經營的地點	Nominal value of issued and paid-up/registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company 本公司應佔權益		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Shanghai Zexiang Real Estate Development Co., Ltd. ("Shanghai Zexiang")® (Note) 上海澤翔房地產開發有限公司 (「上海澤翔」)®(附註)	PRC/Mainland China 中國／中國大陸	RMB2,315,000,000 人民幣2,315,000,000元	—	100%	Property development 物業開發
Nanjing Honghao Real Estate Development Co., Ltd. ("Nanjing Honghao")® (Note) 南京弘灝房地產開發有限公司 (「南京弘灝」)®(附註)	PRC/Mainland China 中國／中國大陸	RMB150,000,000 人民幣150,000,000元	—	49%	Property development 物業開發
Zhongwei Properties Zhejiang Co., Ltd. ("Zhongwei Properties")® (Note) 中維地產浙江有限公司 (「中維地產」)®(附註)	PRC/Mainland China 中國／中國大陸	RMB1,000,000,000 人民幣1,000,000,000元	—	100%	Property development 物業開發
Hefei Zexiang Real Estate Development Co., Ltd. ("Hefei Zexiang")® (Note) 合肥澤翔房地產開發有限公司 (「合肥澤翔」)®(附註)	PRC/Mainland China 中國／中國大陸	RMB605,000,000 人民幣605,000,000元	—	100%	Property development 物業開發
Hefei Xiangzhou Real Estate Development Co., Ltd. ("Hefei Xiangzhou")® (Note) 合肥翔洲房地產開發有限公司 (「合肥翔洲」)®(附註)	PRC/Mainland China 中國／中國大陸	RMB667,000,000 人民幣667,000,000元	—	75%	Property development 物業開發

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊及 經營的地點	Nominal value of issued and paid-up/registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Shanghai Chongming Yushang Property Co., Ltd. ("Shanghai Chongming") [@] (Note) 上海崇明豫商置業有限公司 (「上海崇明」) [@] (附註)	PRC/Mainland China 中國／中國大陸	RMB20,000,000 人民幣20,000,000元	—	80%	Property development 物業開發
Nanjing Qianjing Real Estate Development Co., Ltd. ("Nanjing Qianjing") [@] (Note) 南京乾景房地產開發有限公司 (「南京乾景」) [@] (附註)	PRC/Mainland China 中國／中國大陸	RMB170,000,000 人民幣170,000,000元	—	40%	Property development 物業開發

All the principal subsidiaries disclosed above are not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

Registered as wholly-foreign-owned enterprises under the PRC law.

@ Registered as domestic limited liability companies under the PRC law.

* Registered as Sino-foreign equity entities under the PRC law.

Note: The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English names.

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.

1. 公司及集團資料(續)

附屬公司之資料(續)

上文披露的所有主要附屬公司並非由香港安永會計師事務所或安永全球網絡之其他成員公司審核。

根據中國法律註冊為外商獨資企業。

@ 根據中國法律註冊為本地有限責任公司。

* 根據中國法律註冊為中外合資權益實體。

附註：由於該等公司並未註冊任何正式英文名稱，因此其英文名稱乃本公司管理層盡力直接翻譯其中文名稱而得出。

上表載列董事認為，主要對年度業績產生影響或組成本集團資產淨值主要部分的本公司附屬公司。董事認為載列其他附屬公司的詳細資料會過份冗長。

31 December 2018 2018年12月31日

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2018. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.1 編製基準

此等財務報表乃根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)(包括所有的香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港公認會計原則及香港公司條例之披露規定而編製。此等財務報表乃根據歷史成本法編製，惟投資物業及衍生金融工具以公允值計量除外。此等財務報表以人民幣(「人民幣」)列值，除非另有指明者外，所有價值均已捨入至最接近的千位數(人民幣千元)。

綜合基準

綜合財務報表包括本公司及其附屬公司截至2018年12月31日止年度的財務報表。附屬公司為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營運所得的可變回報承受風險或享有權利以及能透過對投資對象的權利(即本集團獲賦予現有能力以主導投資對象相關活動的既存權利)影響該等回報時，即取得控制權。

Notes to Financial Statements (Continued)

財務報表附註(續)

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2.1 BASIS OF PREPARATION (Continued)**Basis of consolidation (Continued)**

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 編製基準(續)**綜合基準(續)**

倘本公司直接或間接擁有少於投資對象大多數投票或類似權利的權利，則本集團於評估其是否擁有對投資對象的權力時會考慮一切相關事實及情況，包括：

- (a) 與投資對象其他投票持有人的合約安排；
- (b) 其他合約安排所產生的權利；及
- (c) 本集團的投票權及潛在投票權。

附屬公司的財務報表乃按與本公司一致的報告期及會計政策編製。附屬公司的業績由本集團取得控制權之日起綜合入賬，並繼續綜合入賬至該等控制權終止當日為止。

即使會導致非控股權益出現虧絀結餘，損益及其他全面收益的各部分乃分配予本集團母公司擁有人及非控股權益。本集團內成員公司之間的交易所涉及的所有集團內公司間資產及負債、權益、收入、開支及現金流量均於綜合入賬時全部對銷。

倘事實及情況顯示上文所述的控制權的三項元素的一項或多項有所變動，則本集團重新評估其是否控制投資對象。一間附屬公司的所有權權益發生變動(並未喪失控制權)，則按權益交易入賬。

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2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9, HKFRS 15 and HKAS 40, the adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

2.1 編製基準(續)

綜合基準(續)

倘本集團失去對一間附屬公司的控制權，則其撤銷確認(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)於權益內記錄的累計匯兌差額；及確認(i)所收代價的公允值、(ii)所保留任何投資的公允值及(iii)損益中任何因此產生的盈餘或虧絀。先前於其他全面收益內確認的本集團應佔部分，乃按猶如本集團已直接出售相關資產或負債所需的相同基準重新分類為損益或保留利潤(視何者屬適當)。

2.2 會計政策及披露事項的變動

本集團已就本年度之財務報表首次採納下列新訂及經修訂之香港財務報告準則：

香港財務報告準則第2號(修訂)	以股份付款之交易之分類及計量
香港財務報告準則第4號(修訂)	採用香港財務報告準則第4號保險合約時一併應用香港財務報告準則第9號金融工具
香港財務報告準則第9號	金融工具
香港財務報告準則第15號	客戶合約收益
香港財務報告準則第15號(修訂)	澄清香港財務報告準則第15號之客戶合約收益
香港會計準則第40號(修訂)	轉讓投資物業
香港(國際財務報告解釋委員會)解釋公告第22號	外幣交易及墊支代價
2014年至2016年週期之年度改進	香港財務報告準則第1號及香港會計準則第28號(修訂)

除下文所述有關香港財務報告準則第9號、香港財務報告準則第15號及香港會計準則第40號之影響外，採用以上經修訂準則及詮釋對該等財務報表並無重大財務影響。

Notes to Financial Statements (Continued)

財務報表附註(續)

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (a) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

With the exception of hedge accounting, which the Group has applied prospectively, the Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Upon the adoption of HKFRS 9, the Group's loans and receivables are reclassified as financial assets at amortised cost and there was no significant impact on the measurement of financial instruments on the financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECL").

- (b) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and they apply, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in notes 3 and 5 to the financial statements. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 2.4 to the financial statements.

2.2 會計政策及披露事項的變動(續)

- (a) 香港財務報告準則第9號金融工具於2018年1月1日或之後開始的年度期間取代香港會計準則第39號金融工具：確認及計量，匯集金融工具會計處理的所有三個方面：分類及計量、減值及對沖會計處理。

除本集團按前瞻基準應用的對沖會計處理外，本集團已就於2018年1月1日的期初股權結餘確認過渡調整。因此，並無重列比較資料，並繼續根據香港會計準則第39號呈報。

採納香港財務報告準則第9號後，本集團的貸款及應收款項重新分類至按攤銷成本計量之金融資產，對金融工具計量及財務狀況並無重大影響，包括以香港財務報告準則第9號的預期信貸損失(「預期信貸損失」)取代香港會計準則第39號的已產生信貸損失的影響。

- (b) 香港財務報告準則第15號及其修訂取代香港會計準則第11號建築合約、香港會計準則第18號收入及相關詮釋，並適用於與客戶訂約產生的所有收入，惟少數特殊情況除外。香港財務報告準則第15號確立一個五步模式，以將客戶合約收入入賬。根據香港財務報告準則第15號，收入按能反映實體預期就向客戶轉讓貨品或服務而有權在交換中獲取的代價金額進行確認。香港財務報告準則第15號的原則為計量及確認收入提供更加系統的方法。該準則亦引入廣泛的定性及定量披露規定，包括分拆收益總額、關於履行責任、不同期間之間合約資產及負債賬目結餘的變動以及主要判斷及估計的資料。相關披露資料載於財務報表附註3及5。採納香港財務報告準則第15號後，本集團已就財務報表附註2.4的收入確認更改會計政策。

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) (Continued)

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 January 2018.

The cumulative effect of the initial application of HKFRS 15 was recognised as an adjustment to the opening balance of retained profits as at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2018 as a result of the adoption of HKFRS 15:

		Increase/ (decrease) 增加／(減少) RMB'000 人民幣千元	
		Note 附註	
Liabilities	負債		
Receipts in advance	預收款項	(ii)	(10,268,840)
Contract liabilities	合約負債	(ii)	10,268,840
Total liabilities	負債總額		—

Set out below are the amounts by which each financial statement line item was affected as at 31 December 2018 and for the year ended 31 December 2018 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted:

2.2 會計政策及披露事項的變動(續)

(b) (續)

本集團以修訂式追溯應用法採納香港財務報告準則第15號。根據該方法，該準則可應用於首次應用當日的所有合約或僅應用於該日尚未完成的合約。本集團選擇對2018年1月1日尚未完成的合約應用該準則。

首次應用香港財務報告準則第15號的累計影響確認為對2018年1月1日期初保留利潤結餘的調整。因此，並無重列比較資料，並繼續根據香港會計準則第11號、香港會計準則第18號及相關詮釋呈報。

以下為採納香港財務報告準則第15號所影響的2018年1月1日各個財務報表項目的金額：

以下為採納香港財務報告準則第15號所影響的2018年12月31日及截至2018年12月31日止年度各個財務報表項目的金額。採納香港財務報告準則第15號對本集團的其他全面收益或經營、投資及融資現金流量並無影響。首欄載列根據香港財務報告準則第15號入賬的金額，而次欄載列假設並無採納香港財務報告準則第15號的金額：

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)**(b) (Continued)**

Consolidated statement of profit or loss for the year ended 31 December 2018:

2.2 會計政策及披露事項的變動(續)**(b) (續)**

截至2018年12月31日止年度綜合損益表：

			Amounts prepared under 根據下列準則編製的金額		
			HKFRS 15 香港財務報告 準則第15號	Previous HKFRS 原香港財務 報告準則	Increase/ (decrease) 增加／(減少)
		Note 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Revenue	收入	(i)	24,305,871	24,005,575	300,296
Cost of sales	銷售成本	(i)	(16,838,626)	(16,637,588)	201,038
Gross profit	毛利		7,467,245	7,367,987	99,258
Profit before tax	除稅前利潤		6,734,708	6,603,855	130,853
Income tax expenses	所得稅開支	(i)	(3,008,605)	(2,942,986)	65,619
Profit for the year	年度利潤		3,726,103	3,660,869	65,234
Attributable to:	以下各方應佔：				
Owners of the parent	母公司擁有人		3,504,940	3,459,366	45,574
Non-controlling interests	非控股權益		221,163	201,503	19,660
			3,726,103	3,660,869	65,234
Earnings per share attributable to ordinary equity holders of the parent	母公司普通股權益 持有人應佔每 股盈利				
Basic and diluted (HK cents per share)	基本及攤薄(每股 港仙)		0.78	0.77	0.01

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) (Continued)

Consolidated statement of financial position as at 31 December 2018:

2.2 會計政策及披露事項的變動(續)

(b) (續)

2018年12月31日綜合財務狀況表：

		Amounts prepared under 根據下列準則編製的金額		
		HKFRS 15	Previous HKFRS	Increase/ (decrease)
		香港財務報告 準則第15號	原香港財務 報告準則	增加／(減少)
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
Notes 附註				
	Properties under development 在建物業	26,614,206	26,236,373	377,833
	Properties held for sale 持作銷售用途的物業	13,051,659	13,101,870	(50,211)
	Contract liabilities 合約負債	13,752,438	—	13,752,438
	Receipts in advance 預收款項	—	13,524,074	(13,524,074)
	Corporate income tax payables 應付企業所得稅	2,552,345	2,527,530	24,815
	Provision for land appreciation tax 土地增值稅撥備	1,962,590	1,953,381	9,209
	Net assets 資產淨額	21,430,352	21,365,118	65,234
	Reserves 儲備	19,486,590	19,440,956	45,634
	Non-controlling interests 非控股權益	1,943,762	1,924,162	19,600
	Total equity 權益總額	21,430,352	21,365,118	65,234

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)**(b) (Continued)**

The nature of the adjustments as at 1 January 2018 and the reasons for the significant changes in the statement of the financial position as at 31 December 2018 and the statement of profit or loss for the year ended 31 December 2018 are described below:

(i) Revenue from sale of properties

Prior to the adoption of HKFRS 15, the Group recognised revenue from sales of properties when significant risks and rewards of ownership have been transferred to the customers on delivery in its entirety at a single time upon vacant possession.

Under HKFRS 15, for properties that have no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress. The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

2.2 會計政策及披露事項的變動(續)**(b) (續)**

2018年1月1日的調整性質及2018年12月31日財務狀況表與截至2018年12月31日止年度損益表重大變動的理由載列如下：

(i) 銷售物業的收入

採納香港財務報告準則第15號前，本集團於所有權的重大風險及回報於交付時一次性全部交付而轉移予客戶時確認銷售物業的收入。

根據香港財務報告準則第15號，就本集團因合約原因不可作其他用途的物業，且倘本集團有強制執行權就累計至今已完成的履約部分向客戶收取付款，則本集團將按計量進度的輸入法隨達成履約責任的時間而確認收入。於損益確認的累計收入超出向物業買方累計收取的款項的差額確認為合約資產。向物業買方累計收取的款項超過於損益確認的累計收入的差額確認為合約負債。

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) (Continued)

(i) *Revenue from sale of properties (Continued)*

The Group has assessed that there is an enforceable right to payment from the customers for performance completed to date for few properties. As at 1 January 2018, majority of revenue from sale of properties will continue to be recognised at a point in time, when the purchasers obtains the physical possession or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable. The adoption of HKFRS 15 has had no significant impact on the opening retained profits as at 1 January 2018.

As at 31 December 2018, for those sales contracts with enforceable right to payment, the Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. Accordingly, the adoption of HKFRS 15 resulted in increase in revenue of RMB300,296,000, cost of sales of RMB201,038,000 and income tax expenses of RMB65,619,000.

2.2 會計政策及披露事項的變動(續)

(b) (續)

(i) *銷售物業的收入(續)*

本集團已評估有強制執行權就少數物業迄今已完成的履約責任向客戶收取付款。截至2018年1月1日，銷售物業的大部分收入將繼續於買方獲得實物所有權或已完工物業的法定所有權且本集團現時有權收取付款並很可能收回代價的某一時點確認。採納香港財務報告準則第15號不會對2018年1月1日的期初保留利潤造成重大影響。

2018年12月31日，對於具有可執行付款權的銷售合約，本集團參考報告日期已完成履約責任的進度確認一段時間的物業發展收入。進度的計量是基於本集團為完成履約責任而作出的努力或投入，並參考截至報告期間末產生的合約成本佔合約各物業單元估計總成本的比例。因此，採納香港財務報告準則第15號後，收入、銷售成本及所得稅開支分別增加人民幣300,296,000元、人民幣201,038,000元及人民幣65,619,000元。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)**(b) (Continued)****(ii) Consideration received from customers in advance**

Before the adoption of HKFRS 15, the Group recognised consideration received from customers in advance as receipts in advance. Under HKFRS 15, the amount is classified as contract liabilities.

Therefore, upon adoption of HKFRS 15, the Group reclassified RMB10,268,840,000 from receipts in advance to contract liabilities as at 1 January 2018 in relation to the consideration received from customers in advance as at 1 January 2018.

As at 31 December 2018, under HKFRS 15, RMB13,752,438,000 was reclassified from receipts in advance to contract liabilities in relation to the consideration received from customers in advance for the sale of properties.

(iii) Significant financing component

Before the adoption of HKFRS 15, the Group presented consideration received from customers in connection with the Group's pre-sales of properties as receipts in advance in the consolidated statement of financial position. No interest was accrued on the long-term advances received under the previous accounting policy. Under HKFRS 15, contracts where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of financing component, if significant.

2.2 會計政策及披露事項的變動(續)**(b) (續)****(ii) 預收客戶的代價**

採納香港財務報告準則第15號前，本集團將預收客戶的代價確認為預收款項。根據香港財務報告準則第15號，該款項分類為合約負債。

因此，採納香港財務報告準則第15號後，本集團已就2018年1月1日的預收客戶代價將人民幣10,268,840,000元由預收款項重新分類為2018年1月1日的合約負債。

2018年12月31日，根據香港財務報告準則第15號，已就銷售物業的預收客戶代價將人民幣13,752,438,000元由預收款項重新分類為合約負債。

(iii) 重大融資部分

採納香港財務報告準則第15號前，本集團將就本集團物業預售從客戶收取的代價於綜合財務狀況表呈列為預收款項。根據先前會計政策收取的長期預付款並無應計利息。根據香港財務報告準則第15號，對於客戶付款與所承諾物業或服務轉移之間超過一年的合約，交易價格會就融資部分的影響(如屬重大)作出調整。

31 December 2018 2018年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) (Continued)

(iii) Significant financing component (Continued)

The adoption of HKFRS 15 has had no significant impact on the opening retained profits as at 1 January 2018. No interest was adjusted for the effects of financing component as at 1 January 2018 in relation to the consideration received from customers in advance as at 1 January 2018.

As at 31 December 2018, under HKFRS 15, RMB529,020,000 was adjusted to contract liabilities for the effects of financing component in relation to the consideration received from customers in advance for the sale of properties.

- (c) Amendments to HKAS 40 clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments have had no impact on the financial position or performance of the Group.

2.2 會計政策及披露事項的變動(續)

(b) (續)

(iii) 重大融資部分(續)

採納香港財務報告準則第15號不會對2018年1月1日的期初保留利潤造成重大影響。概無就2018年1月1日的預收客戶代價對利息作出2018年1月1日融資部分影響的調整。

2018年12月31日，根據香港財務報告準則第15號，已就銷售物業的預收客戶代價對合約負債作出融資部分影響的調整人民幣529,020,000元。

- (c) 香港會計準則第40號之修訂澄清實體應將物業(包括在建或發展中物業)轉至或轉出投資物業之時間。該等修訂列明當物業符合或不再符合投資物業之定義且存在用途變動之證據時發生用途變動。僅管理層有意改變物業用途之變動並非用途變動之證據。該等修訂對本集團的財務狀況或表現並無任何影響。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (d) HK(IFRIC)-Int 22 provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. The interpretation has had no impact on the Group's financial statements as the Group's accounting policy for the determination of the exchange rate applied for initial recognition of non-monetary assets or non-monetary liabilities is consistent with the guidance provided in the interpretation.

2.2 會計政策及披露事項的變動(續)

- (d) 香港(國際財務報告解釋委員會)解釋第22號就實體以外幣收取或支付墊支代價並確認非貨幣資產或負債之情況應用香港會計準則第21號時如何釐定交易日期提供指引。該解釋澄清，就釐定初始確認相關資產、開支或收入(或其一部分)所用匯率之交易日期為實體初始確認支付或收取墊支代價所產生之非貨幣資產(如預付款項)或非貨幣負債(如遞延收入)之日期。倘於確認相關項目有多項付款或收款，則實體必須釐定各項支付或收取墊支代價之交易日期。由於本集團有關釐定於首次確認非貨幣資產或非貨幣負債時所用匯率的會計政策與該詮釋的指引一致，故此該詮釋對本集團的財務報表並無任何影響。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i> ²
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
HKFRS 16	<i>Leases</i> ¹
HKFRS 17	<i>Insurance Contracts</i> ³
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i> ²
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i> ¹
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i> ¹
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i> ¹
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 ¹

- ¹ Effective for annual periods beginning on or after 1 January 2019
² Effective for annual periods beginning on or after 1 January 2020
³ Effective for annual periods beginning on or after 1 January 2021
⁴ No mandatory effective date yet determined but available for early adoption

2.3 已頒佈但尚未生效之香港財務報告準則

本集團並無於該等財務報表應用下列已頒佈但尚未生效之新訂及經修訂香港財務報告準則。

香港財務報告準則第3號之修訂	業務的定義 ²
香港財務報告準則第9號之修訂	具有負補償之預付款項功能 ¹
香港財務報告準則第10號及香港會計準則第28號(2011年)之修訂	投資者與其聯營公司或合營公司之間的資產出售或注資 ⁴
香港財務報告準則第16號	租賃 ¹
香港財務報告準則第17號	保險合約 ³
香港會計準則第1號及香港會計準則第8號之修訂	重大之定義 ²
香港會計準則第19號之修訂	計劃修訂、縮減或結算 ¹
香港會計準則第28號之修訂	於聯營公司及合營公司之長期權益 ¹
香港(國際財務報告解釋委員會)解釋公告第23號	有關所得稅處理方式之不確定性 ¹
2015年至2017年週期之年度改進	香港財務報告準則第3號、香港財務報告準則第11號、香港會計準則第12號及香港會計準則第23號之修訂 ¹

- ¹ 於2019年1月1日或之後開始之年度期間生效
² 於2020年1月1日或之後開始之年度期間生效
³ 於2021年1月1日或之後開始之年度期間生效
⁴ 並無確定強制生效日期，但可提前採納

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

**2.3 ISSUED BUT NOT YET EFFECTIVE
HONG KONG FINANCIAL
REPORTING STANDARDS (Continued)**

Further information about those HKFRSs that are expected to be applicable to the Group is described below:

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020.

**2.3 已頒佈但尚未生效之香港財務
報告準則(續)**

預期將適用於本集團之香港財務報告準則的進一步資料載述如下：

香港財務報告準則第3號之修訂澄清業務的定義，並提供額外指引。該修訂訂明可視為業務的一組整合活動和資產，必須至少包括一項投入和一項重要過程，而兩者必須對形成收益的能力有重大貢獻。業務毋須包括形成產出所需的所有投入或過程。該修訂取消了評估市場參與者是否有能力收購業務並能持續獲得收益的規定，轉為重點關注所取得的投入和重要過程共同對形成收益的能力有否重大貢獻。該修訂亦已收窄收益的定義範圍，重點關注為客戶提供的商品或服務、投資收益或日常活動產生的其他收入。此外，修訂亦提供有關評估所取得過程是否重大的指引，並新增公允值集中度測試選項，允許對所取得的一組活動和資產是否不屬於業務進行簡化評估。本集團預期自2020年1月1日起採用該等修訂。

31 December 2018 2018年12月31日

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

2.3 已頒佈但尚未生效之香港財務 報告準則(續)

香港財務報告準則第10號及香港會計準則第28號(2011年)之修訂針對香港財務報告準則第10號及香港會計準則第28號(2011年)之間有關投資者與其聯營公司或合營公司之間的資產出售或注資兩者規定之不一致性。該等修訂規定，當投資者與其聯營公司或合營公司之間的資產出售或注資構成一項業務時，須確認全數收益或虧損。當交易涉及不構成一項業務的資產時，由該交易產生的收益或虧損於該投資者的損益內確認，惟僅以不相關投資者於該聯營公司或合營公司的權益為限。該等修訂將前瞻地應用。香港會計師公會已於2016年1月撤銷香港財務報告準則第10號及香港會計準則第28號(2011年)之修訂的前強制生效日期，並將於完成對聯營公司及合營公司會計處理的更廣泛檢討後釐定新強制生效日期。然而，該等修訂現時可供採納。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt HKFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be 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 the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During the year, the Group has performed a detailed assessment on the impact of adoption of HKFRS 16. As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB3,224,000 as disclosed in note 42. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

2.3 已頒佈但尚未生效之香港財務報告準則(續)

香港財務報告準則第16號取代香港會計準則第17號租賃、香港(國際財務報告解釋委員會)解釋公告第4號確定一項安排是否包含租賃、香港(常設解釋委員會)解釋公告第15號經營租賃—激勵措施,以及香港(常設解釋委員會)解釋公告第27號評價涉及租賃法律形式交易的實質。該項準則載列確認、計量、呈列及披露租賃的原則,並要求承租人就絕大多數租賃確認資產及負債。該準則包含兩項對承租人的選擇性確認豁免—低值資產租賃及短期租賃。承租人將於租賃開始當日確認一項作出租賃付款的負債(即租賃負債)及一項代表租賃期內使用相關資產的權利之資產(即使用權資產)。除非使用權資產符合香港會計準則第40號對於投資物業的定義或有關應用重估模式之物業、廠房及設備類別,否則,其後使用權資產須按成本減累計折舊及任何減值虧損計算。其後,租賃負債的增加乃反映租賃負債的利息,或因租賃付款而減少。承租人將須分開確認租賃負債的利息開支及使用權資產的折舊開支。若干事件發生(如租賃期改變及未來租賃付款因用以釐定該付款的指數或費率有所變動而改變)後,承租人亦須重計量租賃負債。承租人一般會將重新計算的租賃負債金額確認為使用權資產的調整。香港財務報告準則第16號大致保留香港會計準則第17號對出租人的會計要求。出租人將繼續採用香港會計準則第17號所載的相同分類原則將所有租賃分類,分為經營租賃或融資租賃。香港財務報告準則第16號要求承租人及出租人作出相較香港會計準則第17號項下更為廣泛的披露。承租人可選擇使用完全追溯方式或經修改追溯方式應用該準則。本集團將自2019年1月1日起採納香港財務報告準則第16號。本集團計劃採納香港財務報告準則第16號的過渡條文,以確認首次採用的累計影響,作為2019年1月1日保留盈利年初結餘的調整,而將不會重列比較數字。此外,本集團計劃將新要求應用於先前已確認為應用香港會計準則第17號的租賃合約,並按剩餘租賃付款的現值計量租賃負債,並使用本集團於首次應用日期的增量借貸利率貼現。使用權資產將按租賃負債金額計量,並於緊接首次應用日期前就財務狀況表確認的與租賃有關的任何預付或應計租賃付款金額作出調整。本集團計劃在租賃合約中使用該準則所允許的豁免,其租賃期限自首次應用日期起計12個月內終止。年內,本集團已就採納香港財務報告準則第16號的影響進行詳細評估。於2018年12月31日,本集團擁有不可撤銷經營租賃承擔人民幣3,224,000元(於附註42披露)。初步評估顯示,該等安排將符合租賃定義。於應用香港財務報告準則第16號時,本集團將就所有該等租賃確認使用權資產及相應負債,除非有關租賃符合低值或短期租賃之資格。

31 December 2018 2018年12月31日

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendment to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material of 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 statement. 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 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

Amendments to HKAS 28 clarify that the scope exclusion of HKFRS 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 HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 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 expects to adopt the amendments on 1 January 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 January 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

2.3 已頒佈但尚未生效之香港財務報告準則(續)

香港會計準則第1號及香港會計準則第8號之修訂本提供新的重要定義。新定義載明，如對資料的遺漏、失實陳述或模糊可合理預期會影響一般用途財務報表的主要用戶對基於該等財務報表作出的決定，則有關資料為重要資料。該等修訂本澄清重要性將取決於資料的性質或數量。如可合理預期資料的失實陳述會影響主要用戶作出的決定，則該資料的失實陳述屬重要。本集團預期自2020年1月1日起採納該等修訂本。該等修訂本預期不會對本集團的財務報表產生任何重大影響。

香港會計準則第28號之修訂澄清香港財務報告準則第9號範疇排除情況僅包括於聯營公司或合營公司之權益，當中應用權益法，且並不包括實質上組成聯營公司或合營公司淨投資一部分之長期權益(當中並無應用權益法)。因此，實體就有關長期權益之會計處理應用香港財務報告準則第9號，而非香港會計準則第28號(包括香港財務報告準則第9號項下之減值規定)。僅就確認聯營公司或合資公司之虧損及聯營公司或合資公司淨投資之減值而言，香港會計準則第28號其後方適用於淨投資(包括長期權益)。本集團預期將於2019年1月1日採納該等修訂，並將按照於2019年1月1日存在之事實及情況使用該等修訂中之過渡性規定評估其有關該等長期權益之業務模式。本集團亦擬於採納該等修訂後應用有關重列過往期間可資比較資料之寬免。

Notes to Financial Statements (Continued)

財務報表附註(續)

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2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 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. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The amendments are not expected to have any significant impact on the Group's financial statements.

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 a joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

2.3 已頒佈但尚未生效之香港財務報告準則(續)

香港(國際財務報告解釋委員會)解釋公告第23號處理當稅務處理涉及影響應用香港會計準則第12號之不確定性(通常稱為「不明確稅務狀況」)時對所得稅(即期及遞延)之會計處理。該解釋並不適用於香港會計準則第12號範疇以外之稅項或徵費,亦並無具體包括有關利息之規定及與不明確稅務處理相關之處罰。該解釋具體處理(i)實體是否獨立考慮不明確稅務處理;(ii)實體就檢查稅務機關進行之稅務處理所作出之假設;(iii)實體如何釐定應課稅利潤或稅務虧損、稅基、未動用稅務虧損、未動用稅務抵免及稅率;及(iv)實體如何考慮事實及情況之變動。該解釋將追溯應用,即完全追溯而並無採用後見之明或追溯而應用之累計影響作為對於初始應用當日之期初權益之調整,而並無重列可資比較資料。本集團預期將自2019年1月1日起採納該解釋。該修訂預期將不會對本集團之財務報表造成任何重大影響。

2.4 主要會計政策概要

於聯營公司及合營公司投資

聯營公司指本集團擁有一般不少於20%股本投票權的長期權益且本集團對其可行使重大影響力的實體。重大影響力為參與投資對象的財務及營運政策決定的權力,惟並非控制或共同控制該等政策。

合營公司指一種共同安排,對安排擁有共同控制權的訂約方據此對合營公司的資產淨值擁有權利。共同控制指按照合約協定對一項安排所共有的控制,共同控制僅在有相關活動要求享有控制權的訂約方作出一致同意的決定時方存在。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

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 associates 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 and 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.

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 either 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.

2.4 主要會計政策概要(續)

於聯營公司及合營公司投資(續)

本集團於聯營公司及合營公司的投資乃按本集團根據權益會計法應佔資產淨值減任何減值虧損於綜合財務狀況表列賬。

本集團應佔聯營公司及合營公司收購後業績及其他全面收益分別計入綜合損益表及綜合其他全面收益表。此外，倘於聯營公司或合營公司的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公司間交易產生的未變現收益及虧損將以本集團於聯營公司及合營公司的投資為限對銷，惟倘未變現虧損提供所轉讓資產減值的憑證則除外。收購聯營公司或合營公司所產生的商譽已計入作本集團於聯營公司或合營公司的投資的一部分。

業務合併及商譽

業務合併乃以收購法入賬。轉讓之代價乃以收購日期公允值計量，該公允值為本集團所轉讓資產於收購日期之公允值、本集團向被收購方前擁有人承擔的負債及本集團發行以換取被收購方控制權之股本權益總和。就各項業務併購而言，本集團選擇以公允值或被收購方可識別資產淨值的應佔比例，計算屬現時擁有人權益並賦予擁有人權利在清盤時按比例分佔淨資產之於被收購方之非控股權益。非控股權益之一切其他部分乃按公允值計量。收購相關成本於產生時列為開支。

Notes to Financial Statements (Continued)

財務報表附註(續)

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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. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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，須根據合約條款、收購日期之經濟環境及相關條件對所承擔金融資產及負債進行評估，以適當分類及確認，包括將嵌入式衍生工具與被收購方主合約分開。

倘業務合併按階段進行，先前持有的股權按收購日期的公允值重新計量，因而產生之任何收益或虧損於損益確認。

收購方將轉撥的任何或然代價按收購日期的公允值確認。分類為資產或負債之或然代價按公允值計量，而公允值變動於損益確認。倘或然代價歸類為權益毋須重新計量，其日後結算於權益內入賬。

商譽按成本進行初步計量，即已轉讓代價、非控股權益之確認金額及本集團先前所持於被收購方之股本權益任何公允值之總額超出所收購可識別資產淨值及所承擔負債之差額。倘總代價及其他項目之總和低於所收購資產淨值之公允值，則於重新評估後之差額會於損益確認為議價收購收益。初步確認後，商譽按成本減任何累計減值虧損計量。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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)

商譽每年就減值進行測試，倘有事件或情況變化顯示賬面值可能出現減值跡象，則進行更為頻密之測試。本集團會對12月31日的商譽進行年度減值測試。就進行減值測試而言，業務合併中購入之商譽由收購日期起，被分配到預期將從合併之協同效應中受益之本集團各現金產生單位（或現金產生單位組別），而不論本集團之其他資產或負債是否被分配至該等單位或單位組別。

減值按對與商譽有關之現金產生單位（現金產生單位組別）可收回金額進行之評估釐定。倘現金產生單位（現金產生單位組別）之可收回金額少於其賬面值，則確認減值虧損。就商譽確認之減值虧損不會於隨後期間撥回。

當商譽獲分配至現金產生單位（或現金產生單位組別）而出售該單位之某部分業務，則於釐定出售之收益或虧損時，與出售業務相關之商譽將包括在該業務之賬面值內。在此等情況下出售之商譽將以出售業務和保留之現金產生單位部分相對價值為基礎作計量。

Notes to Financial Statements (Continued)

財務報表附註(續)

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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 investment 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)**公允值計量**

本集團於各報告期間結束時按公允值計量其投資物業、衍生金融工具及股權投資。公允值為市場參與者於計量日期在有序交易中出售資產所收取或轉讓負債所支付的價格。公允值計量乃假設出售資產或轉讓負債的交易於資產或負債主要市場或(在無主要市場情況下)資產或負債的最具優勢市場進行。主要或最具優勢市場須為本集團可進入的市場。資產或負債的公允值乃基於市場參與者為資產或負債定價時所用的假設計量(假設市場參與者依照彼等的最佳經濟利益行事)。

非金融資產的公允值計量須計及市場參與者通過使用該資產的最高及最佳用途或將該資產出售予將使用其最高及最佳用途的另一市場參與者而產生經濟效益的能力。

本集團採納適用於不同情況且具備充分數據以供計量公允值的估值方法，以盡量使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)

Impairment of non-financial assets

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)

非金融資產減值

所有公允值於財務報表計量或披露的資產及負債乃基於對公允值計量整體而言屬重大的最低層輸入數據按以下所述公允值層級分類：

- 第一級 — 基於相同資產或負債於活躍市場的報價(未經調整)
- 第二級 — 基於對公允值計量而言屬重大的可觀察(直接或間接)最低層輸入數據的估值方法
- 第三級 — 基於對公允值計量而言屬重大的不可觀察最低層輸入數據的估值方法

就按經常性基準於財務報表確認的資產及負債而言，本集團透過於各報告期間結束時重新評估分類(基於對公允值計量整體而言屬重大的最低層輸入數據)釐定是否發生層級內不同等級的轉移。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than investment properties, properties under development, properties held for sale, land held for property development for sale, deferred tax assets and financial 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.

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.

2.4 主要會計政策概要(續)

非金融資產減值(續)

倘有跡象顯示存在減值，或倘需就資產進行年度減值測試(不包括投資物業、在建物業、持作銷售用途的物業、持作物業開發銷售用途的土地、遞延稅項資產及金融資產)便會估計資產的可收回金額。資產的可收回金額按資產或現金產生單位的使用價值與公允值減出售成本之較高者而計算，並就個別資產而釐定，除非該資產並不產生很大程度上獨立於其他資產或資產組別的現金流入，在此情況下可收回金額按資產所屬現金產生單位釐定。

減值虧損僅於資產賬面值超過其可收回金額時予以確認。於評估使用價值時，估計未來現金流量按可反映現時市場對貨幣時間價值及資產特定風險的評估的稅前折現率折現至其現值。減值虧損會於產生期間在損益表中於與已減值資產功能相符的開支項目扣除。

於各報告期間結束時，會評估是否有任何跡象顯示先前確認的減值虧損可能不再存在或可能已減少。倘有該跡象，便會估計可收回金額。先前就資產(商譽除外)確認的減值虧損，僅於用以釐定該資產的可收回金額的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的賬面值(扣除任何折舊／攤銷)。撥回的減值虧損於其產生期間計入損益表。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 主要會計政策概要(續)

關連方

在下列情況下，有關方將被視為本集團的關連方：

- (a) 該方為個人或其家族的近親且該人士
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團行使重大影響力；或
 - (iii) 為本集團或其母公司的主要管理人員的成員；

或

- (b) 該方為下列任何條件適用的實體：
 - (i) 該實體與本集團為相同集團的成員公司；
 - (ii) 一家實體為另一家實體(或另一家實體的母公司、附屬公司或同系附屬公司)的聯營公司或合營公司；
 - (iii) 該實體及本集團為相同第三方的合營公司；
 - (iv) 一家實體為第三方實體的合營公司而另一家實體為該第三方實體的聯營公司；
 - (v) 該實體為本集團或與本集團相關實體的僱員福利的退休後福利計劃；
 - (vi) 該實體受(a)所指個人控制或共同控制；
 - (vii) (a)(i)所指個人對該實體行使重大影響力或為該實體(或該實體母公司)主要管理人員的成員；及
 - (viii) 實體或實體作為集團任何成員公司其中一部分向本集團或本集團的母公司提供主要管理人員服務。

Notes to Financial Statements (Continued)

財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	Over the shorter of lease terms and 20 years
Leasehold improvements	Over the shorter of lease terms and 5 years
Hotel properties	Over the shorter of lease terms and 20 years
Furniture, fixtures and office equipment	2 to 5 years
Motor vehicles	2 to 5 years
Yacht	20 years

2.4 主要會計政策概要(續)

物業、廠房及設備與折舊

物業、廠房及設備(在建工程除外)按成本減累計折舊及任何減值虧損列賬。物業、廠房及設備項目成本包括其購買價及使資產處於擬定用途的運作狀況及地點而產生的任何直接應佔成本。物業、廠房及設備項目投入運作後產生的支出(例如維修及保養),一般於其產生期間自損益表扣除。倘確認條件已達成,主要檢查的支出作為重置費而於資產賬面值撥充資本。倘物業、廠房及設備的主要部分須分階段置換,本集團將有關部分相應確認為具特定使用年期的個別資產,並對該等資產相應作出折舊。

折舊以直線法計算,按每項物業、廠房及設備項目的估計可使用年期撇銷其成本至其剩餘價值。就此而採用的主要年率如下:

租賃土地及樓宇	按租約年期與20年兩者中較短者
租賃物業裝修	按租約年期與5年兩者中較短者
酒店物業	按租約年期與20年兩者中較短者
傢俬、裝置及辦公室設備	2至5年
汽車	2至5年
遊艇	20年

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

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 hotel property 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、廠房及設備與折舊(續)

倘一項物業、廠房及設備項目各部分的可使用年期並不相同，該項目的成本將按合理基礎分配至各部分，而各部分將作個別折舊。

剩餘價值、可使用年期及折舊方法最少須於各財政年度完結時予以審閱，並在適當情況下作出調整。

一項物業、廠房及設備項目(包括初步確認的任何重大部分)於出售時或估計其使用或出售不再產生未來經濟利益時，將不再確認。於不再確認資產年度因其出售或報廢並在損益表確認的任何損益，乃為有關資產的出售所得款項淨額與賬面值的差額。

在建工程即以成本減任何減值虧損列賬且並不作折舊的在建酒店物業。該成本包括建設期間的直接建設成本及有關借款資金的資本化借貸成本。當竣工及可供使用時，該等在建工程重新分類為適當類別的物業、廠房及設備。

Notes to Financial Statements (Continued)

財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Investment properties**

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or 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.

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the period 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 period of the retirement or disposal.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in the statement of profit or loss.

For a transfer from inventories to investment properties, any difference between the fair value of the property at the date of change in use and its then 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**

投資物業為於土地及樓宇持作賺取租金收入及／或用作資本增值的權益，而非用作生產或提供貨物或服務或作行政用途；或於日常業務過程中銷售。該等物業初步以成本(包括交易成本)計量。於初步確認後，投資物業乃按反映報告期間結束時的市場狀況的公允值列賬。

未來用作投資物業之在建或開發中物業列為在建投資物業。倘無法可靠釐定公允值，則在建投資物業將以成本計量，直至釐定公允值或建設項目已竣工為止。

因投資物業公允值變動所帶來的損益於產生期間計入損益表。

報廢或出售投資物業的任何收益或虧損於報廢或出售期間的損益表確認。

當本集團完成自建投資物業的施工或開發時，該物業於竣工日期的公允值與其以往賬面值的任何差額於損益表確認。

倘存貨轉撥為投資物業，該物業於更改用途當日的公允值與當時的賬面值之任何差額則於損益表確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating leases

Leases that transfer 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.

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.

Land held for development for sale

The land held for future development represents parcels of land owned by the Group for the purpose of development of properties for sale. The land is initially stated at cost less any impairment losses and is not depreciated. It is transferred to properties under development upon commencement of the related construction work in the property development project.

2.4 主要會計政策概要(續)

經營租賃

轉移資產所有權的絕大部分回報及風險仍歸出租人所有的租賃列為經營租賃。若本集團為出租人，由本集團按經營租賃租出的資產列入非流動資產，而根據經營租賃應收的租金於租期內以直線法計入損益表。若本集團為承租人，根據經營租賃的應付租金(扣除出租人給予的任何優惠)於租期內以直線法從損益表內扣除。

經營租賃下的預付土地租金初步以成本列賬，隨後於租期內以直線法確認。倘租賃付款無法於土地及樓宇成分之間可靠分配，全部租賃付款乃列入土地及樓宇的成本，作為物業、廠房及設備的融資租賃。

持作開發銷售用途的土地

持作日後開發的土地指本集團擁有用作開發作銷售用途物業的地塊。該土地初步按成本減任何減值虧損列賬且不予折舊。於物業開發項目中的相關建設工程動工時，其將被轉撥至在建物業。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Properties under development**

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

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

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to properties held for sale.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

Cost of properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on the prevailing market conditions.

2.4 主要會計政策概要(續)**在建物業**

在建物業擬於竣工後持作銷售。

在建物業按成本及可變現淨值兩者的較低者列賬，包括土地成本、建設成本、借貸成本、專業費用及其他可直接計入該等物業於開發期間產生的成本。

在建物業分類為流動資產，惟預期有關物業開發項目的建設期將超過通常經營週期者除外。竣工後，物業轉撥為持作銷售用途的物業。

持作銷售用途的物業

持作銷售用途的物業乃按成本及可變現淨值兩者中的較低者列賬。

持作銷售用途的物業的成本乃以分配予未售物業的土地及樓宇成本總額予以釐定。

可變現淨值乃參照一般業務過程已售物業的銷售所得款項減適用可變銷售開支釐定，或參照管理層基於現行市況的估計釐定。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under HKFRS 9 applicable from 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, 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 assets 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 HKFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 January 2018)" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

2.4 主要會計政策概要(續)

投資及其他金融資產(自2018年1月1日起適用的香港財務報告準則第9號政策)

初步確認及計量

金融資產於初步確認時分類為其後按攤銷成本及按公允值計入損益計量。

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性及本集團管理該等資產的業務模式。除不含有重大融資部分或本集團已應用不調整重大融資部分之影響的實務情況之貿易應收款項外，本集團初步按公允值加上(如屬並非按公允值計入損益的金融資產)交易成本計量金融資產。不含有重大融資部分或本集團已應用實務情況之貿易應收款項乃根據下文「收入確認(自2018年1月1日起適用)」所載政策，按根據香港財務報告準則第15號釐定之交易價格計量。

為按攤銷成本分類及計量金融資產，該金融資產需要產生純粹為支付本金及尚未清償本金額之利息(「SPPI」)的現金流量。

本集團管理金融資產的業務模式指如何管理金融資產以產生現金流量。業務模式釐定現金流量是否會自收取合約現金流量、出售金融資產或兩者產生。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Investments and other financial assets (policies under HKFRS 9 applicable from 1 January 2018) (Continued)****Initial recognition and measurement (Continued)**

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 purchase 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:

(a) Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in 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(自2018年1月1日起適用的香港財務報告準則第9號政策)(續)****初步確認及計量(續)**

所有一般金融資產買賣概於交易日(即本集團承諾購買或出售該資產當日)予以確認。一般買賣乃指按照一般市場規定或慣例在一定期間內交付資產的金融資產買賣。

後續計量

金融資產按分類進行後續計量，分類如下：

(a) 按攤銷成本計量之金融資產(債務工具)

如符合以下兩項條件，本集團按攤銷成本計量金融資產：

- 以收取合約現金流量為目的持有金融資產之業務模式下持有之金融資產。
- 金融資產之合約條款於指定日期產生之現金流量純粹為支付本金及尚未清償本金額之利息。

按攤銷成本計量之金融資產其後採用實際利率法計量及須作出減值測試。收益及虧損於資產不再確認、修訂或減值時於損益內確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under HKFRS 9 applicable from 1 January 2018) (Continued)

Subsequent measurement (Continued)

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial asset are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at air value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in 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 profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 主要會計政策概要(續)

投資及其他金融資產(自2018年1月1日起適用的香港財務報告準則第9號政策)(續)

後續計量(續)

(b) 按公允值計入損益的金融資產

按公允值計入損益的金融資產包括持作買賣的金融資產及於初步確認時指定為按公允值計入損益的金融資產或強制要求按公允值計量的金融資產。倘收購金融資產旨在於短期內出售或購回，則有關金融資產分類為持作買賣。衍生工具包括個別嵌入式衍生工具，除非獲指定為有效對沖工具，否則亦分類為持作買賣。現金流量並非純粹為支付本金及利息的金融資產，乃按公允值計入損益分類及計量(不論其業務模式)。儘管債務工具的標準如上所述按攤銷成本分類或按公允值計入其他全面收益，但倘如此行事會消除或大幅減少會計錯配，則債務工具可在初步確認時指定按公允值計入損益。

按公允值計入損益的金融資產按公允值於財務狀況表列賬，公允值變動淨額則於損益內確認。

此類別包括本集團並未不可撤銷地選擇按公允值計入其他全面收益計量之方式分類的衍生工具及股權投資。倘已確立支付權，則分類為按公允值計入損益之金融資產股權投資的股息亦在損益內確認為其他收入，本集團將很有可能獲得與股息相關的經濟利益並能夠可靠地計算股息金額。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Investments and other financial assets (policies under HKFRS 9 applicable from 1 January 2018) (Continued)****Subsequent measurement (Continued)***(b) (Continued)*

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.

Investments and other financial assets (policies under HKAS 39 applicable before 1 January 2018)**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss or loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded 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.

2.4 主要會計政策概要(續)**投資及其他金融資產(自2018年1月1日起適用的香港財務報告準則第9號政策)(續)****後續計量(續)***(b) (續)*

附屬於具有金融負債或非金融主合同之混合合同的衍生工具獨立於主合同，並在下列情況下入賬列作獨立衍生工具：與主合同在經濟特徵及風險方面不存在密切關係；與嵌入式衍生工具條款相同，單獨存在的工具符合衍生工具定義；及混合合同並非以公允值計入損益計量。嵌入式衍生工具按公允值計量，且公允值變動於損益表內確認。倘合約條款變動大幅改變可能另行需要的現金流量或將金融資產自按公允值計入損益類別重新分類至其他類別時，方會重新評估。

附屬於混合合同(包含金融資產主合同)的衍生工具並非單獨入賬。金融資產主合同連同嵌入式衍生工具須全部分類為按公允值計入損益之金融資產。

投資及其他金融資產(於2018年1月1日前適用的香港會計準則第39號政策)**初步確認及計量**

金融資產於初步確認時分類為按公允值計入損益的金融資產或貸款及應收款項。在初步確認金融資產時，乃以公允值加上收購金融資產應佔的交易成本計量，惟若按公允值計入損益的金融資產則除外

所有一般金融資產買賣概於交易日(即本集團承諾購買或出售該資產當日)予以確認。一般買賣乃指按照一般市場規定或慣例在一定期間內交付資產的金融資產買賣。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (policies under HKAS 39 applicable before 1 January 2018) (Continued)

Subsequent measurement

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

- (a) *Financial assets at fair value through profit or loss*
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as other expenses in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set of for "Revenue recognition (applicable before 1 January 2018)" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

2.4 主要會計政策概要(續)

投資及其他金融資產(於2018年1月1日前適用的香港會計準則第39號政策)(續)

後續計量

金融資產的後續計量根據其分類進行，該等金融資產分類如下：

- (a) *按公允值計入損益的金融資產*
按公允值計入損益的金融資產包括持作買賣的金融資產及於首次確認時指定為按公允值計入損益的金融資產。倘收購金融資產旨在於短期內出售，則有關金融資產將分類為持作買賣。衍生工具包括個別嵌入式衍生工具，除非獲指定為香港會計準則第39號界定的有效對沖工具，否則亦分類為持作買賣。

按公允值計入損益的金融資產按公允值於財務狀況表列賬，公允值淨額正變動則於損益表呈列為其他收入及收益，而公允值淨額負變動則呈列為其他開支。該等公允值變動淨額不包括該等金融資產所賺取的任何股息或利息，有關股息或利息乃根據下文「收入確認(2018年1月1日前適用)」載列之政策確認。

於初次確認時指定為按公允值計入損益的金融資產於初次確認之日即被指定(僅當滿足香港會計準則第39號的標準時)。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Investments and other financial assets (policies under HKAS 39 applicable before 1 January 2018) (Continued)****Subsequent measurement (Continued)****(a) Financial assets at fair value through profit or loss (Continued)**

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These 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.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

2.4 主要會計政策概要(續)**投資及其他金融資產(於2018年1月1日前適用的香港會計準則第39號政策)(續)****後續計量(續)****(a) 按公允值計入損益的金融資產(續)**

倘主合約內含的衍生工具的經濟特徵及風險與主合約所述者並無密切關係，而主合約並非持作買賣用途或指定按公允值計入損益，則此等主合約內含的衍生工具以個別衍生工具入賬並按公允值記錄。此等嵌入式衍生工具按公允值計量，而公允值變動於損益表內確認。倘合約條款變動大幅改變可能另行需要的現金流量或將金融資產自按公允值計入損益類別重新分類至其他類別時，方會重新評估。

(b) 貸款及應收款項

貸款及應收款項指具有固定或可釐定付款，且在活躍市場無報價的非衍生金融資產。於初步計量後，該等資產其後以實際利率法按攤銷成本減任何減值撥備計量。計算攤銷成本時，將計及任何收購折讓或溢價，且包括屬於實際利率不可分割部分的費用或成本。實際利率的攤銷納入損益表的其他收入及收益一項內。減值產生的虧損在損益表確認，就貸款而言，於融資成本確認，及就應收款項而言，於其他開支確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (policies under HKFRS 9 applicable from 1 January 2018 and policies under HKAS 39 applicable before 1 January 2018)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's 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 the consideration that the Group could be required to repay.

2.4 主要會計政策概要(續)

不再確認金融資產(自2018年1月1日起適用的香港財務報告準則第9號政策及2018年1月1日前適用的香港會計準則第39號政策)

金融資產(或一項金融資產的一部分或一組同類金融資產的一部分(倘適用))主要在下列情況下不再確認(即自本集團的綜合財務狀況表內剔除):

- 收取該項資產所得現金流量的權利已屆滿;或
- 本集團已轉讓自資產收取現金流量的權利,或須根據一項「轉付」安排,在未有嚴重延誤的情況下全數承擔向第三方支付所收取現金流量的責任;且本集團(a)已轉讓資產的絕大部分風險及回報,或(b)並無轉讓或保留資產的絕大部分風險及回報,但已轉讓資產的控制權。

倘本集團已轉讓其自一項資產收取現金流量的權利或訂立一項轉付安排,則其評估是否保留該資產的所有權風險及回報以及有關程度。當並無轉讓或保留該資產的絕大部分風險及回報,亦無轉讓該資產的控制權時,則本集團將按其持續參與的程度繼續確認已轉讓資產。在此情況下,本集團亦確認相關負債。已轉讓資產及相關負債乃以反映本集團已保留的權利及責任的基準計量。

以已轉讓資產擔保方式的持續參與按資產原賬面金額與本集團可能被要求償還的最高代價之間的較低者計量。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Impairment of financial assets (policies under HKFRS 9 applicable from 1 January 2018)**

The Group recognises an allowance for 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(自2018年1月1日起適用的香港財務報告準則第9號政策)**

本集團就並非按公允值計入損益持有的所有債務工具確認預期信貸損失撥備。預期信貸損失乃基於根據合約到期的合約現金流量與本集團預期收取並按初始實際利率的概約利率折現的所有現金流量之間的差額釐定。預期現金流量將包括出售所持抵押品或合約條款所包含的其他信貸升級措施所得的現金流量。

一般方法

預期信貸損失分兩個階段確認。就初步確認以來信貸風險並無大幅增加的信貸敞口而言，會為未來12個月(12個月預期信貸損失)可能發生的違約事件所產生的信貸損失計提預期信貸損失撥備。就初步確認以來信貸風險大幅增加的信貸敞口而言，須就預期於敞口的剩餘年期產生的信貸損失計提減值撥備，不論違約時間(全期預期信貸損失)。

於各報告日期，本集團評估金融工具的信貸風險自初步確認以來是否顯著增加。作出評估時，本集團將金融工具於報告日期的違約風險與初步確認時的違約風險進行比較，並考慮無需付出過多成本及努力即可獲得的合理可靠資料，包括歷史及前瞻性資料。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (policies under HKFRS 9 applicable from 1 January 2018)

(Continued)

General approach (Continued)

The Group considers a financial asset in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables 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
- 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

2.4 主要會計政策概要(續)

金融資產減值(自2018年1月1日起適用的香港財務報告準則第9號政策)(續)

一般方法(續)

倘內部或外部資料反映，在未計及本集團所持任何信貸升級前，本集團不大可能悉數收到未償還合約款項，則本集團認為金融資產違約。倘無法合理預期收回收合約現金流量，則撇銷金融資產。

按攤銷成本計量的金融資產須按一般方法減值，除貿易應收款項及合約資產應用下文詳述的簡化方法外，金融資產按以下級別分類用於計量預期信貸損失。

- 第一級 — 金融工具的信貸風險自初步確認以來並未顯著增加，且其虧損撥備按12個月預期信貸損失等額計量
- 第二級 — 金融工具的信貸風險自初步確認以來顯著增加，但並非信貸減值金融資產，且其虧損撥備按全期預期信貸損失等額計量
- 第三級 — 於報告日期出現信貸減值的金融資產(但並非購入或承辦信貸減值)，且其虧損撥備按全期預期信貸損失等額計量

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Impairment of financial assets (policies under HKFRS 9 applicable from 1 January 2018)****(Continued)*****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.

Impairment of financial assets (policies under HKAS 39 applicable before 1 January 2018)

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.4 主要會計政策概要(續)**金融資產減值(自2018年1月1日起適用的香港財務報告準則第9號政策)(續)*****簡化方法***

對於不含有重大融資部分或本集團已應用不調整重大融資部分之影響的實務情況之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損失。根據簡化方法，本集團並無追蹤信貸風險變動，但於各報告日期根據全期預期信貸損失確認減值撥備。本集團已根據其歷史信貸損失經驗，建立撥備矩陣，並就債務人及經濟環境的特定前瞻性因素作出調整。

金融資產減值(於2018年1月1日前適用的香港會計準則第39號政策)

本集團於各報告期間結束時評估是否存在客觀跡象顯示一項或一組金融資產出現減值。倘於初步確認資產後發生一項或多項事件對該項或該組金融資產的估計未來現金流量所造成的影響乃能夠可靠地估計，則存在減值。減值跡象可包括一名或一群債務人正面臨重大財務困難、違約或未能償還利息或本金、彼等有可能破產或進行其他財務重組，以及有可觀察得到的數據顯示估計未來現金流量出現可計量的減少，例如欠款數目變動或出現與違約相關的經濟狀況。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (policies under HKAS 39 applicable before 1 January 2018)

(Continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

2.4 主要會計政策概要(續)

金融資產減值(於2018年1月1日前適用的香港會計準則第39號政策)(續)

按攤銷成本列賬的金融資產

就按攤銷成本列賬的金融資產而言，本集團首先會按個別基準就個別屬重大的金融資產或按組合基準就個別不屬重大的金融資產，評估是否存在減值。倘本集團認定按個別基準經評估的金融資產(無論具重要性與否)並無客觀跡象顯示存有減值，則該項資產會歸入一組具有相似信貸風險特性的金融資產內，並共同評估該組金融資產是否存在減值。經個別評估減值的資產，其減值虧損會予以確認或繼續確認入賬，而不會納入綜合減值評估之內。

已識別的任何減值虧損金額按該資產賬面值與估計未來現金流量(不包括並未產生的未來信貸損失)現值的差額計量。估計未來現金流量的現值以金融資產的初始實際利率(即初步確認時計算的實際利率)折現。

該資產的賬面值會通過使用撥備賬而減少，而虧損金額於損益表確認。有關已減少賬面值的利息收入繼續產生，就計量減值虧損而言，利息收入乃以用作貼現未來現金流量的利率計算。若日後收回不可實現，且所有抵押品已變現或已轉至本集團，則撇銷貸款及應收款項連同任何相關撥備。

倘在其後期間估計減值虧損金額因確認減值後發生的事項而增加或減少，則透過調整撥備賬增加或減少先前確認的減值虧損。倘日後作出的撇銷其後可收回，則可收回款項將計入損益表的其他開支。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Financial liabilities (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)****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 payables, other payables and accruals, senior notes, and interest-bearing bank and other borrowings.

Subsequent measurement

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

(a) Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest 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(自2018年1月1日起適用的香港財務報告準則第9號及於2018年1月1日前適用的香港會計準則第39號政策)****初步確認及計量**

金融負債於初步確認時分類為按公允值計入損益的金融負債、貸款及借款、應付款項，或指定為有效對沖中對沖工具的衍生工具(視情況而定)。

所有金融負債初步按公允值確認，而如屬貸款及借款、以及應付款項，則扣除直接應佔交易成本。

本集團的金融負債包括貿易應付款項、其他應付款項及應計費用、優先票據以及計息銀行及其他借貸。

後續計量

金融負債的後續計量根據其分類進行，而其分類如下：

(a) 貸款及借款

於初步確認後，計息銀行及其他借貸其後以實際利率法按攤銷成本計量，若折現的影響並不重大，則按成本列賬。當不再確認負債時及在以實際利率法進行攤銷過程中，盈虧會在損益表確認。

攤銷成本於計及於購入時的任何折讓或溢價及屬實際利率不可或缺一部分的費用或成本後計算。實際利率攤銷計入損益表的融資成本內。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018) (Continued)

Subsequent measurement (Continued)

(b) Financial guarantee contracts (policies under HKFRS 9 applicable from 1 January 2018)

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets (policies under HKFRS 9 applicable from 1 January 2018)"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

(c) Financial guarantee contracts (policies under HKFRS 9 applicable before 1 January 2018)

A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

2.4 主要會計政策概要(續)

金融負債(自2018年1月1日起適用的香港財務報告準則第9號及於2018年1月1日前適用的香港會計準則第39號政策)(續)

後續計量(續)

(b) 財務擔保合約(自2018年1月1日起適用的香港財務報告準則第9號政策)

本集團發出的財務擔保合約指該等要求本集團將須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支付到期款項而遭受損失的合約。財務擔保合約初步按公允值確認為負債，並就發出擔保直接應佔交易成本作出調整。於初步確認後，本集團按照：(i)根據「金融資產減值(自2018年1月1日起適用的香港財務報告準則第9號政策)」所載政策釐定的預期信貸損失撥備；及(ii)初步確認的數額減(如適用)已確認收入之累計數額(以較高者為準)，計算財務擔保合約。

(c) 財務擔保合約(於2018年1月1日前適用的香港財務報告準則第9號政策)

財務擔保合約初步按公允值確認為負債，並就發出擔保直接應佔交易成本作出調整。於初步確認後，本集團按照：(i)於報告期間結束時必須履行當前責任的最佳估計費用的數額；及(ii)初步確認的數額減(如適用)累計攤銷的數額(以較高者為準)，計算財務擔保合約。

Notes to Financial Statements (Continued)

財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Derecognition of financial liabilities (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)

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 (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)***Initial recognition and subsequent measurement***

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.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

2.4 主要會計政策概要(續)**不再確認金融負債(自2018年1月1日起適用的香港財務報告準則第9號及於2018年1月1日前適用的香港會計準則第39號政策)**

當負債責任已解除、註銷或屆滿，則不再確認金融負債。

倘一項現有金融負債由同一貸款人貸出另一項條款存在重大區別的金融負債所取代，或現有負債的條款作出重大修改，則該項置換或修改按不再確認原有負債並確認新負債處理，而兩者的賬面值差額於損益表確認。

抵銷金融工具(自2018年1月1日起適用的香港財務報告準則第9號及於2018年1月1日前適用的香港會計準則第39號政策)

倘目前存在法律上可強制執行的權利抵銷確認金額及計劃以淨額結算，或同時變賣資產及清償負債，金融資產及金融負債互相抵銷，並於財務狀況表內以淨額列示。

衍生金融工具(自2018年1月1日起適用的香港財務報告準則第9號及於2018年1月1日前適用的香港會計準則第39號政策)***初步確認及後續計量***

衍生金融工具初步按訂立衍生工具合約當日的公允值確認入賬，其後按公允值重新計算。衍生工具於公允值為正數時列作資產，而於公允值為負數時則列作負債。

衍生工具公允值變動而產生的任何盈虧均直接計入損益表。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

Senior perpetual securities

Senior perpetual securities with no contractual obligation to repay the principal or to pay any distribution are classified as part of equity.

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)

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款以及高流通性短期投資(即可隨時兌換為定額現金、價值變動風險不大及期限較短(一般不超過購買後三個月)的投資)，減去須於催繳時立刻償還、作為本集團現金管理操作一部分的銀行透支。

就綜合財務狀況表而言，現金及現金等價物包括手頭現金及銀行存款，包括用途不受限制的定期存款及性質與現金相似的資產。

高級永續證券

並無合約責任償還其本金或支付任何分派之高級永續證券分類為權益之一部分。

撥備

撥備乃於過往事件已導致產生現時責任(法律或推定)及日後可能需要流出資源以履行責任時予以確認，惟必須能可靠地估計責任的款額。

若折現影響重大，確認的撥備金額應為預期履行責任所需未來開支於報告期間結束時的現值。若折現值隨時間而增加，則增加金額在損益表中列為融資成本。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Income tax**

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

Current tax assets and liabilities 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 goodwill or 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 taxable temporary differences associated with interests in subsidiaries 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**

所得稅包括本期稅項及遞延稅項。有關於損益以外確認的項目的所得稅於損益以外確認，即於其他全面收益或直接於權益內確認。

本期稅項資產及負債，經計及本集團營運所在國家的現行解釋及慣例，根據於報告期間結束時已頒佈或實質已頒佈的稅率（及稅務法例）按預期將從稅務局收回或將支付予稅務局的金額計量。

根據於報告期間結束時，資產及負債的稅基與其於財務報告中的賬面金額之間的所有暫時性差額，以負債法計提遞延稅項撥備。

就所有應課稅暫時性差額確認遞延稅項負債，惟：

- 因商譽或初步確認一項交易（非業務合併）中的資產或負債所產生並於交易時對會計利潤或應課稅利潤或虧損不構成影響的遞延稅項負債除外；及
- 有關於附屬公司及合營公司權益的應課稅暫時性差額（其中撥回暫時性差額的時間可受控制，而暫時性差額於可預見的將來可能不會撥回）除外。

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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, 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 interests in subsidiaries 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.

2.4 主要會計政策概要(續)

所得稅(續)

就所有可扣減暫時性差額、未動用稅項備抵及任何未動用稅務虧損結轉確認遞延稅項資產。遞延稅項資產僅以可能有應課稅利潤抵銷可扣減暫時性差額及可動用未動用稅項抵免與未動用稅項虧損的結轉為限確認，惟下列情況除外：

- 由初步確認一項交易(非業務合併)中的資產或負債所產生並於交易時對會計利潤或應課稅利潤或虧損不構成影響的有關可扣減暫時性差額的遞延稅項資產；及
- 有關於附屬公司及合營公司權益的可扣減暫時性差額，只限於暫時性差額將於可預見未來撥回及應有應課稅利潤可供動用暫時性差額時，方會確認遞延稅項資產。

遞延稅項資產的賬面金額於各報告期間結束時予以審閱，並扣減至當不再可能有足夠應課稅利潤讓所有或部分遞延稅項資產被動用時為止。於各報告期間結束時對未被確認的遞延稅項資產進行重估，當可能有足夠應課稅利潤讓所有或部分遞延稅項資產被收回時，則會予以確認。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Income tax (Continued)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition (applicable from 1 January 2018)**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.

2.4 主要會計政策概要(續)**所得稅(續)**

遞延稅項資產及負債根據於報告期間結束時已頒佈或實質已頒佈的稅率(及稅務法例)，按預期適用於資產變現或負債清還期間的稅率計算。

當及僅當本集團存在法律上可強制執行的權利以抵銷即期稅項資產與即期稅項負債，而遞延稅項資產及遞延稅項負債乃由同一稅務機關向同一應課稅實體徵收，或就不同應課稅實體徵收，而有意在日後預期清償或收回大額遞延稅項負債及資產之每段期間內，按淨額基準清償即期稅項負債與資產或同時變現資產及清償負債，方會抵銷遞延稅項資產與遞延稅項負債。

收入確認(自2018年1月1日起適用)**客戶合約收益**

於貨物或服務的控制權按反映本集團預期就交換該等貨物或服務有權收取的代價的金額轉讓予客戶時確認客戶合約收益。

當合約代價包含可變金額時，代價金額估計為本集團就向客戶轉讓貨物或服務而有權換取的數額。可變代價於合約開始時估計並受到約束，直至其後消除關乎可變代價的不確定因素，使已確認累計收入金額不大可能發生重大收入撥回。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (applicable from 1 January 2018) (Continued)

Revenue from contracts with customers (Continued)

When the contract contains a financing component which provides the customer 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 HKFRS 15.

(a) Sales of properties

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

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do 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.

2.4 主要會計政策概要(續)

收入確認(自2018年1月1日起適用) (續)

客戶合約收益(續)

倘合約包含就向客戶轉讓貨物或服務為客戶提供超過一年的重大融資利益的融資部分，則收入按應收款項的現值計量，並使用本集團與客戶於合約開始時單獨融資交易中反映的折現率貼現。倘合約包含為本集團提供超過一年的重大融資利益的融資部分，則根據該合約確認的收入包括按實際利率法計算的合約負債所產生的利息開支。就客戶付款與承諾貨物或服務轉移期間為一年或一年以下的合約而言，採納香港財務報告準則第15號中實務情況後交易價格不會因重大融資成分的影響而調整。

(a) 物業銷售

收入於資產控制權轉讓予客戶時確認。視乎合約條款及適用於合約的法律，資產控制權可經過一段時間或於某一時間點轉移。倘本集團在履約過程中滿足下列條件，資產之控制權將經過一段時間轉移：

- 提供全部利益，而客戶亦同步收到並消耗有關利益；或
- 創建並提升本集團履約時客戶所控制之資產；或
- 並無創建對本集團而言有其他用途之資產，而本集團可強制執行其權利收回累計至今已完履約部分之款項。

Notes to Financial Statements (Continued)

財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Revenue recognition (applicable from 1 January 2018) (Continued)****Revenue from contracts with customers (Continued)***(a) Sales of properties (Continued)*

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 customer 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, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

(b) Provision of property management services and hotel services

Revenue from provision of property management services and hotel services are 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.

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 to the net carrying amount of the financial asset.

2.4 主要會計政策概要(續)**收入確認(自2018年1月1日起適用)(續)****客戶合約收益(續)***(a) 物業銷售(續)*

倘資產之控制權經過一段時間轉移，收入將於整個合約期間參考已完成履約責任之進度確認。否則，收入於客戶獲得資產控制權之時間點確認。完成履約責任的進度的計量是基於本集團為完成履約責任而作出的努力或投入，並參考截至報告期間末產生的合約成本佔各項合約估計總成本的比例。

對於在某一時間點轉移物業控制權的物業發展及銷售合約，收入於客戶獲得實物所有權或已完工物業的法定所有權且本集團已獲得現時的付款請求權並很可能收回代價時確認。

(b) 提供物業管理服務及酒店服務

由於客戶同時收取並消耗本集團提供的利益，故提供物業管理服務及酒店服務所得收入以直線法於指定期間確認。

其他來源的收益

租金收入於租期內按時間比例確認。

其他收入

利息收入按累計基準採用於金融工具的預計年期將估計未來現金收入準確貼現至金融資產賬面淨額的利率，利用實際利率法確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (applicable before 1 January 2018)

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the completed properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sale agreement, and the collectability of related receivables is reasonably assured;
- (b) from the rendering of property management services, when the services have been rendered;
- (c) rental income, on a time proportion basis over the lease terms;
- (d) hotel revenue from room rentals, food and beverage and other ancillary services, when the services have been rendered; and
- (e) interest income, 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.

2.4 主要會計政策概要(續)

收入確認(2018年1月1日前適用)

收入於經濟利益有可能流入本集團及能可靠地計算時，根據以下基準確認：

- (a) 倘來自銷售竣工物業，於物業所有權的重大風險及回報已轉讓予買家，惟本集團須並無保留一般與所有權有關之管理權或對竣工物業之實際控制權，即當有關物業建築工程已竣工並已根據銷售協議交付予買家，且收取有關應收款項已得到合理保證時確認；
- (b) 倘來自提供物業管理服務，於提供服務時確認；
- (c) 倘為租金收入，以時間比例基準按租期確認；
- (d) 倘為來自房租、餐飲及其他配套服務的酒店收入，於提供服務時確認；及
- (e) 倘為利息收入，按累計基準採用於金融工具的預計年期或較短期間(如適用)將估計未來現金收入準確貼現至金融資產賬面淨額的利率，利用實際利率法確認。

Notes to Financial Statements (Continued)
財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract assets (applicable from 1 January 2018)

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 liabilities (applicable from 1 January 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract costs (applicable from 1 January 2018)

Costs to fulfil a contract

Other than the costs which are capitalised as properties under development and property and equipment, 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 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.

Costs of obtaining contracts

Incremental costs of obtaining a contract are 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 relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

2.4 主要會計政策概要(續)

合約資產(自2018年1月1日起適用)

合約資產指就向客戶轉讓貨物或服務收取代價的權利。倘本集團於客戶支付代價或付款到期前通過向客戶轉讓貨物或服務履約，則就有條件賺取的代價確認合約資產。

合約負債(自2018年1月1日起適用)

合約負債指就本集團向客戶收取代價(或代價款項已到期)而須向客戶轉讓貨物或服務的責任。倘客戶於本集團向其轉讓貨物或服務前支付代價，則於作出付款或付款到期時(以較早者為準)確認合約負債。合約負債於本集團履行合約時確認為收入。

合約成本(自2018年1月1日起適用)

履約成本

除撥充資本的在建物業和物業及設備成本外，倘符合下列所有條件，則履行客戶合約應計成本資本化為資產：

- (a) 有關成本與實體可特定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)日後履行責任之資源得以產生或有所增加。
- (c) 預期有關成本可收回。

資本化合約成本按系統性基準(與資產相關收入確認形式一致)於損益攤銷及扣除。其他合約成本於產生時列為開支。

取得合約之成本

取得合約之增量成本指本集團就取得客戶合約而產生但在未取得合約的情況下不會產生的成本(例如銷售代理佣金)。倘取得合約之增量成本與將於未來報告期間確認的收入有關且預期可收回有關成本，則於產生時將有關成本資本化。取得合約之其他成本於產生時列為開支。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 33 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 in employee benefit expense. 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.

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.

2.4 主要會計政策概要(續)

以股份為基礎付款

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)按以股份為基礎付款形式收取酬金，而僱員則提供服務作為權益工具之代價(「權益結算交易」)。

與僱員權益結算交易之成本乃參考授出當日之公允值計量。公允值由外部估值師利用二項式模型釐定，有關進一步詳情載於財務報表附註33。

權益結算交易之成本在績效及／或服務條件達成之期間，連同權益之相應升幅一併於僱員福利開支確認。就權益結算交易於各報告期間結束時至歸屬日期間確認之累計開支，反映歸屬期屆滿之程度以及本集團就最終歸屬之權益工具數目之最佳估計。期內在損益表扣除或計入之金額，指於該期間期初及期終所確認之累計開支變動。

釐定獎勵獲授當日之公允值時，並不計及服務及非市場績效條件，惟在有可能符合條件的情況下，則評估為本集團對最終將會歸屬權益工具數目最佳估計之一部分。市場績效條件反映於獎勵獲授當日之公允值。獎勵之任何其他附帶條件(但不帶有服務要求)視作非歸屬條件。非歸屬條件反映於獎勵之公允值，除非同時具服務及／或績效條件，否則獎勵即時支銷。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Share-based payments (Continued)**

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.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 主要會計政策概要(續)**以股份為基礎付款(續)**

因非市場績效及／或服務條件未能達成而最終無歸屬之獎勵並不確認為支出。凡獎勵包含市場或非歸屬條件，無論市場條件或非歸屬條件獲履行與否，而所有其他績效及／或服務條件均獲履行，則交易仍被視為一項歸屬。

倘權益結算獎勵之條款被修訂，如原獎勵條款獲履行，則確認最低開支，猶如條款未被修改。此外，如於修訂日期計算，修訂是增加以股份為基礎付款之公允值總額，或對僱員有利，則任何修訂將確認開支。

倘權益結算獎勵被註銷，則被視為已於註銷日期歸屬，而未就獎勵確認之任何開支則即時確認。這包括未能履行在本集團或僱員控制範圍以內之非歸屬條件之任何獎勵。然而，倘被註銷獎勵被新獎勵所取代，且新獎勵於授出日被指定為替代獎勵，則所註銷及新獎勵按猶如其為前段所述修訂原獎勵處理。

於計算每股盈利時，尚未行使之購股權之攤薄影響反映為額外股份攤薄。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other 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 subsidiaries, joint ventures and associates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries, joint ventures and associates are required to contribute certain percentages of their 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)

其他僱員福利

退休金計劃

本集團根據強制性公積金計劃條例為合資格參與界定供款強制性公積金退休福利計劃(「強積金計劃」)的僱員推行強積金計劃。供款根據僱員基本薪金的百分比作出，並於供款根據強積金計劃的規則成為應付款項時於損益表中扣除。強積金計劃的資產獨立於本集團的資產，並於獨立管理基金中持有。本集團僱主的供款於向強積金計劃作出供款時全數歸屬於僱員。

本集團於中國大陸成立的附屬公司、合營公司及聯營公司的僱員須參與由地方市政府營辦的中央退休金計劃。該等附屬公司、合營公司及聯營公司須按其僱員基本薪金的若干百分比向該中央退休金計劃作出供款，並於供款根據中央退休金計劃的規則成為應付款項時於損益表中扣除。

借貸成本

直接歸屬於收購、建築或生產合資格資產(即必須長時間預備作擬定用途或銷售的資產)的借貸成本乃資本化為該等資產的部分成本。當此等資產幾近全部完成可作其擬定用途或銷售之時，該等借貸成本將停止資本化。特定用於合資格資產的借貸在其尚未支銷時用作暫時性投資所賺取的投資收入，乃於已資本化的借貸成本扣除。所有其他借貸成本於其產生期間支銷。借貸成本包括實體就借入資金所產生的利息及其他成本。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Dividends**

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.

Final dividends are recognised as a liability when they have been approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 11 to the financial statements.

Foreign currencies

These financial statements are presented in RMB. The Company's functional currency is Hong Kong dollars. In the opinion of the directors, as the Group's operations are mainly in the PRC, the use of RMB as the presentation currency is more appropriate for the presentation of the Group's results and financial position.

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 retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising from 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)**股息**

由於本公司的組織章程大綱及細則授予董事宣派中期股息的權力，故中期股息乃同時建議及宣派。因此，中期股息於建議及宣派時即時被確認為負債。

末期股息於股東大會上獲股東批准時確認為負債。建議末期股息披露於財務報表附註11。

外幣

該等財務報表以人民幣呈列。本公司的功能貨幣為港幣。董事認為，由於本集團的業務主要位於中國，採用人民幣為呈列貨幣，對於呈列本集團的業績及財務狀況更為合適。

本集團的各個實體自行決定其功能貨幣，而納入各實體財務報表的項目則用該功能貨幣計量。本集團實體所記錄的外幣交易初步按交易日其各自的功能貨幣匯率換算入賬。於報告期間結束時以外幣計值的貨幣資產及負債，按有關功能貨幣的適用匯率重新換算。貨幣項目結算或換算產生之差額於損益表確認。按歷史成本以外幣計量的非貨幣項目，均採用初步交易日的匯率換算。按公允值以外幣計量的非貨幣項目，採用計量公允值當日的匯率換算。換算按公允值計量的非貨幣項目而產生的收益或虧損，按確認該項目的公允值變動的收益或虧損一致的方法處理（即公允值收益或虧損於其他全面收益或損益確認的項目，其換算差額亦分別於其他全面收益或損益確認）。

31 December 2018 2018年12月31日

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 the Company and certain overseas subsidiaries 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 the Company and 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)

釐定初步確認有關資產的匯率，以及釐定終止確認與預收預付代價有關的非貨幣資產或非貨幣負債的開支或收入匯率時，初步交易日為本集團初步確認預收預付代價產生的非貨幣資產或非貨幣負債的日期。倘存在多筆預付款或預收款項，本集團須釐定每筆預付或預收代價的交易日期。

本公司及若干海外附屬公司的功能貨幣為不包括人民幣的幣種。於報告期間結束時，該等實體的資產及負債按報告期間結束時的適用匯率換算為人民幣，其損益表則按年內的加權平均匯率換算為人民幣。因此而產生的匯兌差額於其他全面收益內確認，並於外匯波動儲備累計。於出售外國業務時，與特定外國業務有關的其他全面收益部分於損益表確認。

就綜合現金流量表而言，海外附屬公司的現金流量按現金流量日期的適用匯率換算為人民幣。本公司及海外附屬公司於整個年度產生的經常性現金流量則按年內的加權平均匯率換算為人民幣。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Determining the timing of satisfaction of contracts related to sale of properties

Revenue from sales of properties is recognised over time when the Group's performance do 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; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. Management uses judgments to classify sales contracts into those with enforceable right to payment and those without the enforceable right.

3. 重要會計判斷及估計

編製本集團的財務報表要求管理層作出影響收入、開支、資產及負債呈報金額的判斷、估計及假設，並須作出相關披露及披露或然負債。然而，該等假設及估計的不明朗因素可能導致須對於未來受影響的資產或負債的賬面金額作出重大調整。

判斷

於應用本集團的會計政策過程中，除涉及估計的判斷外，管理層作出以下對在財務報表中確認的數額有重大影響的判斷：

確定符合物業銷售相關合約的時間

物業銷售收入於本集團的履約行為並無創建對本集團而言有其他用途之資產，而本集團可強制執行其權利收回累計至今已完履約部分之款項的時段確認，否則，收入於買家獲得已竣工物業控制權之時間點確認。由於客戶的合約限制，本集團不會更改或替換物業單元，或重新指定物業單元用於其他用途，因此，有關物業單元對本集團而言並無其他用途。然而，有無強制收回款項的權利視乎銷售合約的條款及適用於該合約的相關法律之詮釋而定。相關決定須進行重大判斷。管理層通過判斷將銷售合約分類為有可執行付款權及無可執行付款權。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Judgements (Continued)

Determining the timing of satisfaction of contracts related to sale of properties (Continued)

For those sales contracts with enforceable right to payment, the Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can have effect on the Group's revenue recognised.

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and 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.

3. 重要會計判斷及估計(續)

判斷(續)

確定符合物業銷售相關合約的時間(續)

對於具有可執行付款權的銷售合約，本集團參考於報告日期已完成履約責任的進度確認一段時間的物業發展收入。進度的計量是基於本集團為完成履約責任而作出的努力或投入，並參考截至報告期間結束時產生的合約成本佔合約各物業單元估計總成本的比例。釐定估計總成本的完整度及於報告日期已完成履約責任進度的準確度時須作出重大判斷及估計。未來期間成本估算變動可能對本集團已確認收入產生影響。

經營租賃承擔 — 本集團作為出租人

本集團已就其投資物業組合訂立商用物業租約。本集團已根據對有關安排的條款及條件進行的評估決定保留以經營租賃方式出租的該等物業所有權的所有重大風險及回報。

投資物業及業主自用物業的分類

本集團決定物業是否符合列作投資物業的資格，並已制定作出該判斷的準則。投資物業為持作賺取租金或作為資本增值或兩者的物業。因此，本集團考慮物業是否可以大致上獨立於本集團所持有的其他資產而自行產生現金流。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Judgements (Continued)

Classification between investment properties and owner-occupied properties (Continued)

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification 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 in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention of 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 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 non-current assets if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties developed for sale are transferred to properties held for sale and are stated at cost, while the properties developed to earn rentals and/or for capital appreciation are transferred to investment properties and are subject to revaluation at each reporting date.

3. 重要會計判斷及估計(續)

判斷(續)

投資物業及業主自用物業的分類(續)

部分物業包括持作賺取租金或作為資本增值的部分，而另一部分則持作生產或供應貨物或服務或行政用途。倘該等部分可分開出售或根據融資租賃分開出租，則本集團會將有關部分分開列賬。倘該等部分不可分開出售，則僅在物業小部分持作生產或供應貨物或服務或行政用途的情況下方列作投資物業。

判斷乃按照個別物業基準作出，以釐定配套服務是否重要，以致物業不符合投資物業資格。

投資物業及持作銷售用途的物業的分類

本集團開發持作銷售用途的物業及持作賺取租金及／或資本增值用途的物業。由管理層判斷一項物業是否指定為投資物業或持作銷售用途的物業。本集團於某項物業開發初期考慮其持有相關物業的意向。倘物業擬於竣工後出售，於建設過程中，相關的在建物業乃入賬列作在建物業，計入流動資產。然而倘物業擬持作賺取租金及／或資本增值用途，有關物業則入賬列作在建投資物業，計入非流動資產。待物業竣工後，開發作銷售用途的物業乃轉撥至持作銷售用途的物業項下，並按成本列值，而開發作賺取租金及／或資本增值用途的物業乃轉撥至投資物業項下，並須於各報告日期重新估值。

31 December 2018 2018年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Judgements (Continued)

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax on investment properties, the directors have determined that the presumption set out in HKAS 12 *Income Taxes* that investment properties measured using the fair value model are recovered through sale is rebutted.

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.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2018 was RMB1,133,070,000 (2017: Nil). Further details are given in note 15 to the financial statements.

Purchase price allocations of acquisition of subsidiaries through business combination

As further detailed in note 37(b) to the financial statements, the Group acquired a number of entities engaging in property development during the year ended 31 December 2018. The Group engaged an independent external valuer to perform the valuation of the identifiable assets acquired and liabilities assumed of subsidiaries acquired. The accounting for business combinations, which were accounted for using the acquisition method, relied on a significant amount of management estimation and judgements in respect of fair value measurement and allocation of the purchase price.

3. 重要會計判斷及估計(續)

判斷(續)

有關投資物業的遞延稅項

就計量以公允價值模型計量的投資物業產生的遞延稅項負債或遞延稅項資產而言，董事已審閱本集團的投資物業組合，並認為本集團的投資物業乃以通過時間的推移而非通過銷售消耗該投資物業所含絕大部分經濟利益為目標的商業模式持有。因此，於釐定本集團有關投資物業的遞延稅項時，董事確認，香港會計準則第12號*所得稅*所載的使用公允價值模型計量投資物業透過銷售收回的假設已被推翻。

估計不明朗因素

以下為於報告期間結束時有關未來的主要假設及其他估計不明朗因素的主要來源，存在導致下一個財政年度內資產及負債賬面金額重大調整的重大風險。

商譽之減值

本集團最少每年一次釐定商譽有否減值，此須估計獲分配商譽之現金產生單位之使用價值。本集團估計使用價值，須估計現金產生單位之預期未來現金流量，以及須選出合適之折現率，以計算該等現金流量之現值。於2018年12月31日，商譽之賬面值為人民幣1,133,070,000元(2017年：無)。進一步詳情載於財務報表附註15。

通過業務合併收購附屬公司之收購價分配

根據財務報表附註37(b)所載詳情，本集團截至2018年12月31日止年度收購參與物業開發的多個實體。本集團委聘獨立外部估值師對已收購可識別資產及已收購附屬公司所承擔負債進行估值。使用收購法入賬之業務合併的會計處理依賴管理層就公允價值計量及收購價分配作出的大量估計及判斷。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty (Continued)

Estimation of net realisable value of properties under development and properties held for sale

Properties under development and properties held for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information. The carrying amounts of properties under development and properties held for sale at 31 December 2018 were RMB26,614,206,000 (2017: RMB10,263,940,000) and RMB13,051,659,000 (2017: RMB8,121,694,000), respectively.

Allocation of construction cost on properties under development

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 meter sold during the year multiplied by the average cost per square meter of that particular phase of the project. The carrying amount of properties under development at 31 December 2018 was RMB26,614,206,000 (2017: RMB10,263,940,000).

PRC corporate income tax ("CIT")

The Group is subject to CIT in the PRC. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimates and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. 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. The carrying amount of corporate income tax payables at 31 December 2018 was RMB2,552,345,000 (2017: RMB1,893,370,000).

3. 重要會計判斷及估計(續)

估計不明朗因素(續)

估計在建物業及持作銷售用途的物業的可變現淨值

在建物業及持作銷售用途的物業按成本與可變現淨值兩者中的較低者列賬。於各個開發期每個單位的成本乃以加權平均法釐定。估計可變現淨值乃指根據所得最佳資料估算的估計售價減銷售開支及估計竣工成本(如有)。於2018年12月31日，在建物業及持作銷售用途的物業之賬面值分別為人民幣26,614,206,000元(2017年：人民幣10,263,940,000元)及人民幣13,051,659,000元(2017年：人民幣8,121,694,000元)。

在建物業的建築成本分攤

於開發物業時，本集團一般會將開發項目分期開發。一個開發期的直接相關成本會作為該期的成本入賬。每期的共同成本會按每期的可銷售建築面積佔整個項目的可銷售建築面積總數的百分比，分攤至每期。售出單位成本按年內售出的平方米建築面積乘以該期項目的每平方米平均成本而釐定。於2018年12月31日，在建物業之賬面值為人民幣26,614,206,000元(2017年：人民幣10,263,940,000元)。

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。由於有關所得稅的若干事宜尚未被地方稅務局確認，於釐定所得稅撥備時要以目前頒佈的稅務法律、法規及其他相關政策作為基準作出客觀估計及判斷。倘該等事宜的最終稅款數額有別於原本記錄的數額，差異會在其實現的期間影響所得稅及稅項撥備。於2018年12月31日，應付企業所得稅之賬面值為人民幣2,552,345,000元(2017年：人民幣1,893,370,000元)。

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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 its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will have impact on the land appreciation tax expense and the related provision in the period in which the differences realise. The carrying amount of provision for land appreciation tax at 31 December 2018 was RMB1,962,590,000 (2017: RMB1,505,218,000).

Deferred tax assets

Deferred tax assets are recognised for provision of land appreciation tax, fair value adjustments from acquisition of subsidiaries and 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. The carrying amount of deferred tax assets at 31 December 2018 was RMB742,157,000 (2017: RMB526,074,000).

Fair value of investment properties

Investment properties including completed investment properties and investment properties under construction are revalued at the end of the reporting period on a market value, existing use basis by independent professionally qualified 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, information from current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the reporting date are used. The valuations of investment properties under construction were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan. Further details are given in note 14 to the financial statements.

3. 重要會計判斷及估計(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。土地增值稅的撥備是管理層根據對有關中國稅務法律及法規所載的要求的理解，作出的最佳估計。實際土地增值稅負債須於物業開發項目竣工後由稅務局釐定。本集團尚未與稅務局就若干物業開發項目釐定其土地增值稅的計算方法及付款。最終結果可能有別於初步記錄的款額，而任何差異會在其實現的期間影響土地增值稅開支及相關撥備。於2018年12月31日，土地增值稅撥備之賬面值為人民幣1,962,590,000元(2017年：人民幣1,505,218,000元)。

遞延稅項資產

僅在很可能取得應課稅利潤作抵銷虧損的情況下，方會確認土地增值稅、收購附屬公司產生之公允值調整及稅項虧損撥備相關的遞延稅項資產。在釐定可予確認的遞延稅項資產款項時，須根據可能的時間、未來應課稅利潤的水準連同未來稅項計劃策略，作出重要的管理層判斷。於2018年12月31日，遞延稅項資產之賬面值為人民幣742,157,000元(2017年：人民幣526,074,000元)。

投資物業的公允值

投資物業包括已竣工投資物業及在建投資物業，乃由獨立專業合資格估值師於報告期間結束時按市值、現有用途基準重估。該等估值以若干假設為基準，受不確定因素影響，可能與實際結果有重大差異。於作出估計時，會考慮類似物業於活躍市場的現時價格的資料，並使用主要以報告日期當時的市況為基準的假設。在建投資物業的估值基於餘值法，並考慮已支出建設成本及為完成開發將支出的成本以反映已竣工開發項目的品質，依據是該等物業將按本集團的最新開發計劃開發及完成。進一步詳情載於財務報表附註14。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- (a) the property development segment engages in the development and sale of properties;
- (b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;
- (c) the property management segment engages in the provision of property management services;
- (d) the hotel operation segment engages in the operation of hotels; and
- (e) the others segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources 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/(loss) before tax except that interest income and finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid corporate income tax, prepaid land appreciation tax, derivative financial instruments, restricted cash, and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, senior notes, corporate income tax payables, provision for land appreciation tax, derivative financial instruments and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. 經營分部資料

就管理而言，本集團乃以其產品及服務為基準，分為若干業務單位，且所擁有的五個可報告經營分部如下：

- (a) 物業開發分部從事物業開發及銷售；
- (b) 物業投資分部就物業的租金收入潛力及／或資本增值作出投資；
- (c) 物業管理分部提供物業管理服務；
- (d) 酒店經營分部從事酒店經營；及
- (e) 其他分部包括企業收入及支出項目。

管理層分別監測本集團經營分部的業績，旨在就資源分配及表現評估作出決策。分部表現按可報告分部的利潤／（虧損）作出評估，即經調整除稅前利潤／（虧損）的計量。經調整除稅前利潤／（虧損）的計量與本集團的除稅前利潤／（虧損）一致，惟利息收入及融資成本均不計入有關計量。

由於遞延稅項資產、預付企業所得稅、預付土地增值稅、衍生金融工具、受限制現金，以及現金及現金等價物乃按集團基準管理，因此該等資產不計入分部資產。

由於計息銀行及其他借貸、優先票據、應付企業所得稅、土地增值稅撥備、衍生金融工具及遞延稅項負債乃按集團基準管理，因此該等負債不計入分部負債。

分部間銷售及轉讓乃參考按當時現行市價向第三方作出銷售的售價進行交易。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

4. OPERATING SEGMENT INFORMATION (Continued)
Year ended 31 December 2018

4. 經營分部資料(續)

截至2018年12月31日止年度

		Property development 物業開發 RMB'000 人民幣千元	Property investment 物業投資 RMB'000 人民幣千元	Property management 物業管理 RMB'000 人民幣千元	Hotel operation 酒店經營 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Segment revenue (note 5)	分部收入(附註5)						
Sales to external customers	向外部客戶作出的銷售額	23,625,857	244,575	417,243	18,196	—	24,305,871
Other income and gains	其他收入及收益	144,884	321	1,147	207	13,364	159,923
Total	總額	23,770,741	244,896	418,390	18,403	13,364	24,465,794
Segment results	分部業績	6,465,039	124,447	69	(11,633)	42,846	6,620,768
<i>Reconciliation:</i>	<i>對賬:</i>						
Interest income	利息收入						337,292
Finance costs	融資成本						(223,352)
Profit before tax	除稅前利潤						6,734,708
Income tax	所得稅						(3,008,605)
Profit for the year	年度利潤						3,726,103
Segment assets	分部資產	75,007,425	10,732,364	83,123	377,870	7,203,376	93,404,158
<i>Reconciliation:</i>	<i>對賬:</i>						
Elimination of intersegment receivables	撇銷分部間應收款						(9,542,289)
Corporate and other unallocated assets	企業及其他未分配資產						31,201,135
Total assets	資產總額						115,063,004
Segment liabilities	分部負債	49,751,166	554,237	20,459	37,539	2,731,004	53,094,405
<i>Reconciliation:</i>	<i>對賬:</i>						
Elimination of intersegment payables	撇銷分部間應付款						(9,542,289)
Corporate and other unallocated liabilities	企業及其他未分配負債						50,080,536
Total liabilities	負債總額						93,632,652
Other segment information:	其他分部資料:						
Depreciation	折舊	31,518	17,472	975	8,738	18,444	77,147
Capital expenditure*	資本開支*	32,561	62,192	1,317	61	12,418	108,549
Fair value gain on investment properties, net	投資物業公允價值收益淨額	—	165,831	—	—	—	165,831
Share of profits and losses of joint ventures	應佔合營公司損益額	(74,265)	—	—	—	—	(74,265)
Share of profits and losses of associates	應佔聯營公司損益額	21,849	—	—	—	—	21,849
Investments in joint ventures	於合營公司投資	6,204,784	—	—	—	—	6,204,784
Investments in associates	於聯營公司投資	3,807,748	—	—	—	—	3,807,748

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

* 資本開支包括添置物業、廠房及設備及投資物業。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2017

4. 經營分部資料(續)

截至2017年12月31日止年度

		Property development 物業開發 RMB'000 人民幣千元	Property investment 物業投資 RMB'000 人民幣千元	Property management 物業管理 RMB'000 人民幣千元	Hotel operation 酒店經營 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Segment revenue:	分部收入：						
Sales to external customers	向外部客戶作出的 銷售額	21,213,375	140,287	328,518	18,493	—	21,700,673
Other income and gains	其他收入及收益	21,797	35,863	321	285	48,811	107,077
Total	總額	21,235,172	176,150	328,839	18,778	48,811	21,807,750
Segment results	分部業績	6,382,182	388,239	3	(19,460)	52,202	6,803,166
<i>Reconciliation:</i>	<i>對賬：</i>						
Interest income	利息收入						95,234
Finance costs	融資成本						(708,340)
Profit before tax	除稅前利潤						6,190,060
Income tax	所得稅						(3,062,991)
Profit for the year	年度利潤						3,127,069
Segment assets	分部資產	49,759,577	8,526,792	567,466	241,664	6,675,155	65,770,654
<i>Reconciliation:</i>	<i>對賬：</i>						
Elimination of intersegment receivables	撇銷分部間應收款						(4,251,670)
Corporate and other unallocated assets	企業及其他未分配 資產						18,385,833
Total assets	資產總額						79,904,817
Segment liabilities	分部負債	25,636,832	1,078,269	657,647	102,887	7,226,860	34,702,495
<i>Reconciliation:</i>	<i>對賬：</i>						
Elimination of intersegment payables	撇銷分部間應付款						(4,251,670)
Corporate and other unallocated liabilities	企業及其他未分配負債						32,010,756
Total liabilities	負債總額						62,461,581
Other segment information:	其他分部資料：						
Depreciation	折舊	29,896	18,139	3,378	9,017	22,356	82,786
Capital expenditure*	資本開支*	39,935	433,768	2,422	394,018	14,644	884,787
Fair value gain on investment properties, net	投資物業公允價值收益 淨額	—	380,069	—	—	—	380,069
Impairment of goodwill	商譽減值	—	—	—	—	100,401	100,401
Share of profits and losses of joint ventures	應佔合營公司損益額	(64,719)	—	—	—	—	(64,719)
Share of profits and losses of associates	應佔聯營公司損益額	(18,771)	—	—	—	—	(18,771)
Investments in joint ventures	於合營公司投資	6,387,378	—	—	—	—	6,387,378
Investments in associates	於聯營公司投資	602,365	—	—	—	—	602,365

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

* 資本開支包括添置物業、廠房及設備及投資物業。

31 December 2018 2018年12月31日

4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

Information about a major customer

During the current and prior years, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

4. 經營分部資料(續)

地區資料

由於本集團逾90%的外部客戶收入來自中國內地及逾90%的分部資產位於中國內地，故並無呈列地區資料。因此，董事認為，呈列地區資料將不會對財務報表的使用者提供額外有用的資料。

主要客戶資料

於本年度及過往年度，並無來自單一外部客戶交易之收入佔本集團收入總額的10%或以上。

5. 收入、其他收入及收益

本集團的收入分析載列如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
<i>Revenue from contracts with customers</i>	<i>客戶合約收益</i>		
Sale of properties	物業銷售	23,625,857	21,213,375
Property management fee income	物業管理費收入	417,243	328,518
Hotel operation income	酒店經營收入	18,196	18,493
<i>Revenue from other sources</i>	<i>其他來源的收益</i>		
Rental income from investment properties	投資物業租金收入	244,575	140,287
		<u>24,305,871</u>	<u>21,700,673</u>

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2018

5. 收入、其他收入及收益(續)

客戶合約收益

(i) 收入分拆資料

截至2018年12月31日止年度

Segments 分部		Property development 物業開發 RMB'000 人民幣千元	Property management 物業管理 RMB'000 人民幣千元	Hotel operation 酒店經營 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Type of goods or services 貨品或服務類別					
Sale of properties 物業銷售		23,625,857	—	—	23,625,857
Property management fee income 物業管理費收入		—	417,243	—	417,243
Hotel operation income 酒店經營收入		—	—	18,196	18,196
Total revenue from contracts with customers 客戶合約收益總額		23,625,857	417,243	18,196	24,061,296
Timing of revenue recognition 收益確認時間					
Goods transferred at a point in time 於某一時點轉移貨品		23,325,561	—	—	23,325,561
Goods transferred over time 於一段時間轉移貨品		300,296	—	—	300,296
Services transferred over time 於一段時間轉移服務		—	417,243	18,196	435,439
Total revenue from contracts with customers 客戶合約收益總額		23,625,857	417,243	18,196	24,061,296

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(i) 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:

		2018 RMB'000 人民幣千元
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	計入報告期初合約負債的已確認收益：	
Sales of properties	物業銷售	3,880,798

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of properties

For property sales contract for which the control of the property is transferred over time, the performance obligation is satisfied over time by reference to the construction costs incurred up to the end of reporting period as a percentage of total estimated construction costs for each contract. For property sales contract for which the control of the property is transferred at a point in time, the performance obligation is satisfied when the physical possession or the legal title of the completed property is obtained by the purchaser.

Property management income and hotel operation income

The performance obligation is satisfied over time as services are rendered.

5. 收入、其他收入及收益(續)

客戶合約收益(續)

(i) 收入分拆資料(續)

下表載列計入報告期初合約負債而於本報告期間確認的收益金額：

(ii) 履約責任

有關本集團的履約責任資料概述如下：

物業銷售

對於物業控制權需要一段時間轉移的物業銷售合約，履約責任乃參考截至報告期間完結時產生的建築成本佔各合約總估計建築成本的百分比於一段時間內達成。對於物業控制權於某個時間轉移的物業銷售合約，履約責任於買家取得已落成物業的實際佔用權或合法所有權時達成。

物業管理收入及酒店經營收入

履約責任隨著服務的提交逐漸完成。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

5. REVENUE, OTHER INCOME AND GAINS (Continued)**Other income and gains**

An analysis of the Group's other income and gains is as follows:

5. 收入、其他收入及收益(續)**其他收入及收益**

本集團的其他收入及收益的分析如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Bank interest income	銀行利息收入	337,292	95,234
Gain on disposal of investment properties, net	出售投資物業收入，淨額	—	4,024
Gain on bargain purchase of a subsidiary (note 37(b)(i))	收購附屬公司收益 (附註37(b)(i))	58,246	—
Foreign exchange differences, net	外匯差額，淨額	—	66,262
Others	其他	101,677	36,791
		497,215	202,311

6. FINANCE COSTS

An analysis of finance costs is as follows:

6. 融資成本

融資成本的分析如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Interest on bank loans, other loans, corporate bonds and senior notes	銀行貸款、其他貸款、公司債券及優先票據的利息	3,050,162	1,700,453
Less: Interest capitalised	減：資本化利息	(2,826,810)	(1,203,777)
		223,352	496,676
Loss on early redemption of senior notes	提前贖回優先票據之虧損	—	211,664
		223,352	708,340

Notes to Financial Statements (Continued)
財務報表附註(續)

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7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/
(crediting):

7. 除稅前利潤

本集團的除稅前利潤乃於扣除／(計入)以下
各項後得出：

		Notes 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Cost of properties sold	已售物業成本		16,439,208	13,709,213
Cost of services provided	已提供服務成本		399,418	284,748
Depreciation	折舊	13	77,147	82,786
Gain on disposal of investment properties, net	出售投資物業的收益淨額		—	(4,024)
Loss on deemed disposal of a subsidiary upon loss of control*	失去控制權時視作出售附屬公司的虧損*	38(b)	—	17,479
Fair value loss on derivative financial instruments, net*	衍生金融工具公允價值虧損淨額*		30,318	61,548
Realised loss on derivative financial instruments*	衍生金融工具已實現虧損*		—	73,180
Impairment of goodwill*	商譽減值*	15	—	100,401
Minimum lease payments under operating leases	經營租賃項下的最低租賃付款		48,526	37,311
Auditor's remuneration	核數師薪酬		4,600	3,864
Employee benefit expense (including directors' and chief executive officer's remuneration (note 8))	僱員福利支出(包括董事及行政總裁薪酬(附註8))		242,356	241,722
Wages and salaries	工資及薪金		7,652	4,636
Equity-settled share option expense	以股權結算購股權開支		25,786	23,716
Retirement benefit scheme contributions	退休福利計劃供款		275,794	270,074
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	賺取租金投資物業產生的直接經營支出(包括維修及維護)		40,768	23,658

* These items are included in "Other expenses" in the consolidated statement of profit or loss.

* 這些項目計入綜合損益表內「其他開支」。

Notes to Financial Statements (Continued)

財務報表附註(續)

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8. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION

Directors' and chief executive officer'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. 董事及首席執行官薪酬

本年度董事及首席執行官薪酬根據上市規則、香港公司條例第383(1)(a)、(b)、(c)及(f)條及公司(披露董事利益資料)規例第2部披露如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Fees	袍金	507	519
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	4,154	4,278
Equity-settled share option expense	以權益結算的購股權開支	1,543	1,334
Pension scheme contributions	退休金計劃供款	87	72
		5,784	5,684
		6,291	6,203

During the current year and in prior years, certain directors and the chief executive officer were granted options, in respect of their services to the Group, under the share option scheme of the Company, further details of which 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 amounts included in the financial statements for the current and prior years are included in the above directors' and chief executive officer's remuneration disclosures.

於本年度及過往年度，根據本公司購股權計劃，若干董事及行政總裁因彼等向本集團提供之服務而獲授購股權，有關進一步詳情載於財務報表附註33。該等購股權已於歸屬期在損益表內確認，其公允值乃於授出日期釐定，計入本年度及過往年度的財務報表的金額乃載入上述董事及首席執行官的薪酬披露。

Notes to Financial Statements (Continued)
財務報表附註(續)

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8. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION (Continued)

The remuneration of each of the directors and the chief executive officer is set out below:

8. 董事及首席執行官薪酬(續)

各位董事及首席執行官的薪酬載列如下：

		Fees	Salaries, allowances and benefits in kind 薪金、津貼及實物福利 RMB'000 人民幣千元	Equity-settled share option expense 以權益結算的購股權開支 RMB'000 人民幣千元	Retirement benefit scheme contributions 退休福利計劃供款 RMB'000 人民幣千元	Total remuneration 酬金總額 RMB'000 人民幣千元
2018	2018年					
Executive directors:	執行董事：					
Mr. Lam Lung On*	林龍安先生*	—	1,682	633	31	2,346
Ms. Kwok Ying Lan	郭英蘭女士	—	1,682	602	31	2,315
Mr. Lin Conghui	林聰輝先生	—	743	308	25	1,076
Ms. Lam Yu Fong [#]	林禹芳女士 [#]	—	47	—	—	47
		—	4,154	1,543	87	5,784
Non-executive director:	非執行董事：					
Ms. Xie Mei [^]	謝梅女士 [^]	—	—	—	—	—
		—	—	—	—	—
Independent non-executive directors:	獨立非執行董事：					
Mr. Lam Kwong Siu	林廣兆先生	169	—	—	—	169
Mr. Wee Henny Soon Chiang	黃循強先生	169	—	—	—	169
Dr. Zhai Pu	翟普博士	169	—	—	—	169
		507	—	—	—	507
		507	4,154	1,543	87	6,291
2017	2017年					
Executive directors:	執行董事：					
Mr. Lam Lung On*	林龍安先生*	—	1,709	223	25	1,957
Ms. Kwok Ying Lan	郭英蘭女士	—	1,709	192	24	1,925
Mr. Lin Longzhi [@]	林龍智先生 [@]	—	212	568	—	780
Mr. Lin Conghui	林聰輝先生	—	648	351	23	1,022
		—	4,278	1,334	72	5,684
Independent non-executive directors:	獨立非執行董事：					
Mr. Lam Kwong Siu	林廣兆先生	173	—	—	—	173
Mr. Wee Henny Soon Chiang	黃循強先生	173	—	—	—	173
Dr. Zhai Pu	翟普博士	173	—	—	—	173
		519	—	—	—	519
		519	4,278	1,334	72	6,203

* Mr. Lam Lung On is also the chief executive officer of the Company.

@ Mr. Lin Longzhi resigned as an executive director of the Company with effect from 9 June 2017.

[^] Ms. Xie Mei was appointed as a non-executive director of the Company with effect from 24 September 2018.

[#] Ms. Lam Yu Fong was appointed as an executive director of the Company with effect from 25 October 2018.

* 林龍安先生亦為本公司之首席執行官。

@ 林龍智先生已辭任本公司執行董事，自2017年6月9日起生效。

[^] 謝梅女士於2018年9月24日獲委任為本公司非執行董事。

[#] 林禹芳女士於2018年10月25日獲委任為本公司執行董事。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

8. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION (Continued)

There was no arrangement under which a director or the chief executive officer waived or agreed to waive any remuneration during the year.

8. 董事及首席執行官薪酬(續)

於年內，概無董事或首席執行官放棄或同意放棄任何薪酬的安排。

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2017: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2017: two) non-director, highest paid employees for the year are as follows:

9. 五名最高薪僱員

於年內，五名最高薪僱員包括兩名(2017年：三名)董事，該等董事的薪酬詳情載於上文附註8。餘下三名(2017年：兩名)非董事最高薪僱員的年度薪酬詳情如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	6,651	1,462
Equity-settled share option expense	以權益結算的購股權開支	502	43
Pension scheme contributions	退休金計劃供款	151	31
		<u>7,304</u>	<u>1,536</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

薪酬介乎下列範圍的非董事及非首席執行官最高薪僱員人數如下：

		Number of employees 僱員人數	
		2018	2017
HK\$1,000,001 to HK\$1,500,000	港幣1,000,001元至 港幣1,500,000元	—	2
HK\$2,000,001 to HK\$2,500,000	港幣2,000,001元至 港幣2,500,000元	1	—
HK\$2,500,001 to HK\$3,000,000	港幣2,500,001元至 港幣3,000,000元	2	—
		<u>3</u>	<u>2</u>

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

9. FIVE HIGHEST PAID EMPLOYEES

(Continued)

During the year, share options were granted to the non-director, highest paid employees in respect of their services to the Group, further details of which are included in note 33 to the financial statements. The fair value of such options, which had been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the current and prior years is included in the above non-director, highest paid employees' remuneration disclosures.

10. INCOME TAX

No provision for Hong Kong profits tax has been made for the year as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the year. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong in the prior year. The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the year.

An analysis of the income tax charges for the year is as follows:

9. 五名最高薪僱員(續)

於年內，該等非董事最高薪僱員因其向本集團提供之服務而獲授購股權，有關進一步詳情載於財務報表附註33。該等購股權已於歸屬期在損益表內確認，其公允值乃於授出日期釐定，計入本年及過往年度的財務報表的金額乃計入以上非董事最高薪僱員的薪酬披露。

10. 所得稅

由於本集團自過往年度結轉稅項虧損可用以抵銷本年度產生的應課稅利潤，故並無於本年度就香港利得稅作出撥備。由於本集團於過往年度並無在香港產生任何應課稅利潤，故毋須就香港利得稅作出撥備。於中國大陸經營的附屬公司的所得稅根據年內的應課稅利潤按適用稅率計算。

本年度所得稅支出的分析如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Current:	即期：		
PRC corporate income tax	中國企業所得稅	1,929,563	1,459,696
PRC land appreciation tax (note 30)	中國土地增值稅 (「附註30」)	1,438,481	1,634,380
		<u>3,368,044</u>	<u>3,094,076</u>
Deferred (note 31):	遞延(附註31)：		
Current year	本年度	(359,439)	(31,085)
Total tax charge for the year	本年度稅項支出總額	<u>3,008,605</u>	<u>3,062,991</u>

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

10. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for Mainland China in which the majority of the Group's subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate for the year, are as follows:

10. 所得稅(續)

年內，採用本集團絕大部分附屬公司所在的中國大陸的法定稅率計算適用於除稅前利潤的稅項開支與按實際稅率計算的稅項開支的對賬，以及適用稅率(即法定稅率)與實際稅率的對賬如下：

		2018		2017	
		RMB'000	%	RMB'000	%
		人民幣千元	%	人民幣千元	%
Profit before tax	除稅前利潤	6,734,708		6,190,060	
Tax charge at the statutory income tax rate	按法定所得稅率計算的稅項開支	1,683,677	25.0	1,547,515	25.0
Adjustment in respect of deferred tax of previous periods	對以前期間遞延稅項的調整	(168,845)	(2.5)	—	—
Expenses not deductible for tax	不可扣稅開支	258,719	3.8	140,394	2.3
Tax losses not recognised	未確認稅項虧損	156,193	2.3	149,297	2.4
LAT provided	已計提土地增值稅	1,438,481	21.4	1,634,380	26.4
Tax effect on LAT	土地增值稅的稅務影響	(359,620)	(5.3)	(408,595)	(6.6)
Tax charge at the Group's effective rate	按本集團實際稅率計算的稅項開支	3,008,605	44.7	3,062,991	49.5

The share of tax expense attributable to joint ventures amounting to RMB9,411,000 (2017: RMB106,933,000) is included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss. The share of tax credit attributable to associates amounting to RMB4,267,000 (2017: tax expense of RMB49,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

合營公司稅項開支為人民幣9,411,000元(2017年：人民幣106,933,000元)，已包括於綜合損益表之「應佔合營公司損益額」中。應佔聯營公司稅項抵免為數人民幣4,267,000元(2017年：稅項開支為數人民幣49,000元)已計入列於綜合損益表之「應佔聯營公司損益額」中。

Notes to Financial Statements (Continued)
財務報表附註(續)

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11. DIVIDENDS

11. 股息

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Interim — HK11 cents (2017: HK8.5 cents) per ordinary share	中期股息 — 每股普通股11港仙(2017年: 8.5港仙)	403,551	280,829
Proposed final — HK20.5 cents (2017: HK21.5 cents) per ordinary share	擬派末期股息 — 每股普通股20.5港仙(2017年: 21.5港仙)	842,506	780,314
		1,246,057	1,061,143

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

本年度擬派末期股息須待本公司股東於應屆股東週年大會批准後方可作實。

The proposed final dividend will be either payable in cash or, at the scrip option of the shareholders, in form of new fully paid scrip shares of the Company in lieu of cash, or partly in cash and partly in scrip shares.

擬派末期股息可以現金支付，或股東可選擇以本公司新繳足代息股份代替現金股息，亦可選擇部分以現金支付及部分以股代息。

12. 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 year attributable to ordinary equity holders of the parent, adjusted for the distribution related to senior perpetual securities, and the weighted average number of ordinary shares of 4,332,639,749 (2017: 3,937,250,252) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the consolidated profit attributable to ordinary equity holders, adjusted for the distribution related to senior perpetual securities, and the weighted average number of ordinary shares used in the calculation is the total of (i) the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and (ii) 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 (see below).

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按母公司普通權益持有人應佔年內利潤(已根據與高級永續證券有關的分派作出調整)，及年內已發行普通股加權平均數4,332,639,749股(2017年: 3,937,250,252股)計算。

每股攤薄盈利金額乃按普通權益持有人應佔綜合利潤(已根據與高級永續證券有關的分派作出調整)計算，而計算所用的普通股加權平均數為(i)用於計算每股基本盈利的年內已發行普通股加權平均數之數目，及(ii)假設於所有具攤薄潛力之普通股被視作獲行使成普通股時已以無償形式發行的普通股加權平均數之總和(見下文)。

Notes to Financial Statements (Continued)

財務報表附註(續)

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12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(Continued)

The calculations of the 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乃基於：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Earnings	盈利		
Profit attributable to owners of the parent	母公司擁有人應佔年內利潤	3,504,940	2,790,047
Distribution related to senior perpetual securities	有關高級永續證券的分派	(106,546)	(27,825)
Profit used in the basic and diluted earnings per share calculations	每股基本及攤薄盈利計算所用的利潤	3,398,394	2,762,222

		Number of shares 股份數目	
		2018	2017
Shares	股份		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	年內已發行普通股之加權平均數，用於計算每股基本盈利	4,332,639,749	3,937,250,252
Effect of dilution of share options — weighted average number of ordinary shares	購股權攤薄影響 — 普通股之加權平均數	39,016,251	40,073,703
Weighted average number of ordinary shares in issue during the year, used in the diluted earnings per share calculation	年內已發行普通股之加權平均數，用於計算每股攤薄盈利	4,371,656,000	3,977,323,955

Notes to Financial Statements (Continued)
財務報表附註(續)

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13. PROPERTY, PLANT AND EQUIPMENT 13. 物業、廠房及設備

		Leasehold land and buildings 租賃 土地及樓宇 RMB'000 人民幣千元	Hotel property 酒店物業 RMB'000 人民幣千元	Yacht 遊艇 RMB'000 人民幣千元	Leasehold improvements 租賃物業裝修 RMB'000 人民幣千元	Furniture, fixtures and office equipment 傢俬、裝置及 辦公室設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2018	2018年12月31日							
At 1 January 2018:	於2018年1月1日：							
Cost	成本	367,935	457,710	92,767	12,815	90,343	67,567	1,089,137
Accumulated depreciation	累計折舊	(55,335)	(36,451)	(6,653)	(4,734)	(57,058)	(54,191)	(214,422)
Net carrying amount	賬面淨額	312,600	421,259	86,114	8,081	33,285	13,376	874,715
At 1 January 2018, net of accumulated depreciation	於2018年1月1日，扣除 累計折舊	312,600	421,259	86,114	8,081	33,285	13,376	874,715
Acquisition of subsidiaries (note 37(b))	收購附屬公司 (附註37(b))	—	—	—	3,314	—	—	3,314
Additions	添置	16,260	—	615	7,627	16,743	8,785	50,030
Disposals	處置	—	—	—	—	(2,466)	(968)	(3,434)
Disposal of subsidiaries (note 38(a))	出售附屬公司 (附註38(a))	—	—	—	—	(1,162)	—	(1,162)
Depreciation provided during the year	年內計提的折舊	(30,317)	(14,474)	(5,709)	(1,030)	(16,488)	(9,129)	(77,147)
Transfer from investment properties	轉撥自投資物業	82,960	—	—	—	—	—	82,960
Exchange realignment	匯兌調整	—	—	4,741	—	—	—	4,741
At 31 December 2018, net of accumulated depreciation	於2018年12月31日， 扣除累計折舊	381,503	406,785	85,761	17,992	29,912	12,064	934,017
At 31 December 2018:	於2018年12月31日：							
Cost	成本	467,155	457,710	99,308	23,824	103,421	75,338	1,226,756
Accumulated depreciation	累計折舊	(85,652)	(50,925)	(13,547)	(5,832)	(73,509)	(63,274)	(292,739)
Net carrying amount	賬面淨額	381,503	406,785	85,761	17,992	29,912	12,064	934,017

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

13. 物業、廠房及設備(續)

		Leasehold land and buildings 租賃 土地及樓宇 RMB'000 人民幣千元	Hotel property 酒店物業 RMB'000 人民幣千元	Yacht 遊艇 RMB'000 人民幣千元	Leasehold improvements 租賃物業裝修 RMB'000 人民幣千元	Furniture, fixtures and office equipment 傢俬、裝置及 辦公室設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2017	2017年12月31日								
At 1 January 2017:	於2017年1月1日:								
Cost	成本	324,445	147,738	100,918	6,076	77,965	53,148	488,478	1,198,768
Accumulated depreciation	累計折舊	(31,324)	(20,331)	(2,494)	(2,592)	(42,323)	(37,969)	—	(137,033)
Net carrying amount	賬面淨額	<u>293,121</u>	<u>127,407</u>	<u>98,424</u>	<u>3,484</u>	<u>35,642</u>	<u>15,179</u>	<u>488,478</u>	<u>1,061,735</u>
At 1 January 2017, net of accumulated depreciation	於2017年1月1日，扣除累計折舊	293,121	127,407	98,424	3,484	35,642	15,179	488,478	1,061,735
Acquisition of subsidiaries (note 37(b))	收購附屬公司(附註37(b))	—	—	—	—	—	318	—	318
Additions	添置	43,490	—	—	6,739	16,767	16,552	394,018	477,566
Disposals	處置	—	—	—	—	(1,485)	(679)	—	(2,164)
Depreciation provided during the year	年內計提的折舊	(24,011)	(16,120)	(5,604)	(2,142)	(17,217)	(17,692)	—	(82,786)
Deemed disposal of subsidiaries upon loss of control (note 38(b))	失去控制權時視作出售附屬公司(附註38(b))	—	—	—	—	(422)	(302)	(572,524)	(573,248)
Transfers	轉撥	—	309,972	—	—	—	—	(309,972)	—
Exchange realignment	匯兌調整	—	—	(6,706)	—	—	—	—	(6,706)
At 31 December 2017, net of accumulated depreciation	於2017年12月31日，扣除累計折舊	<u>312,600</u>	<u>421,259</u>	<u>86,114</u>	<u>8,081</u>	<u>33,285</u>	<u>13,376</u>	<u>—</u>	<u>874,715</u>
At 31 December 2017:	於2017年12月31日:								
Cost	成本	367,935	457,710	92,767	12,815	90,343	67,567	—	1,089,137
Accumulated depreciation	累計折舊	(55,335)	(36,451)	(6,653)	(4,734)	(57,058)	(54,191)	—	(214,422)
Net carrying amount	賬面淨額	<u>312,600</u>	<u>421,259</u>	<u>86,114</u>	<u>8,081</u>	<u>33,285</u>	<u>13,376</u>	<u>—</u>	<u>874,715</u>

At 31 December 2018, certain of the Group's property, plant and equipment with an aggregate carrying amount of approximately RMB319,063,000 (2017: Nil) were pledged to banks to secure the bank loans granted to the Group (note 27(a)(vi)).

於2018年12月31日，本集團若干賬面總值約人民幣319,063,000元(2017年：無)的物業、廠房及設備已抵押予銀行作為本集團獲授銀行貸款的抵押(附註27(a)(vi))。

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14. INVESTMENT PROPERTIES

14. 投資物業

		Completed 已竣工 RMB'000 人民幣千元	Under construction 在建 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Carrying amount at 1 January 2017	於2017年1月1日的 賬面值	7,189,116	329,061	7,518,177
Additions	添置	124,677	282,544	407,221
Transfer upon completion	於竣工時轉撥	453,123	(453,123)	—
Transfer from properties held for sale	轉撥自持作銷售用途的 物業	100,714	—	100,714
Disposal of subsidiaries (note 38(b))	出售附屬公司 (附註38(b))	—	(60,100)	(60,100)
Disposal	出售	(205,871)	—	(205,871)
Net gains/(losses) from fair value adjustments	公允值調整收益／ (虧損)淨額	395,171	(15,102)	380,069
Carrying amount at 31 December 2017 and 1 January 2018	於2017年12月31日及 2018年1月1日的 賬面值	8,056,930	83,280	8,140,210
Additions	添置	56,949	1,570	58,519
Transfer from properties held for sale	轉撥自持作銷售用途的 物業	268,951	—	268,951
Transfer from properties under development	轉撥自在建物業	—	1,779,294	1,779,294
Transfer to property, plant and equipment	轉撥至物業、廠房及 設備	(82,960)	—	(82,960)
Acquisition of a subsidiary (note 37(b))	收購附屬公司 (附註37(b))	194,000	—	194,000
Exchange realignment	匯兌調整	2,398	(418)	1,980
Net gains/(losses) from fair value adjustments	公允值調整收益／ (虧損)淨額	198,657	(32,826)	165,831
Carrying amount at 31 December 2018	於2018年12月31日的賬 面值	8,694,925	1,830,900	10,525,825

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

14. INVESTMENT PROPERTIES (Continued)

Notes:

- (a) At 31 December 2018, certain of the Group's investment properties with an aggregate carrying amount of RMB4,994,439,000 (2017: RMB2,900,445,000) were pledged to banks to secure the bank loans granted to the Group (note 27(a)(iii)).
- (b) The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 42(a).
- (c) The Group's completed investment properties and investment properties under construction were revalued on 31 December 2018 and 2017 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professionally qualified valuers.

For completed investment properties, valuations were either based on the capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties or made with reference to comparable market transactions and consider adjustments to reflect differences in transaction timing, location and tenure.

For investment properties under construction which were stated at fair value at the end of the reporting period, valuations were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

In the opinion of the directors, for all investment properties that are measured at fair value, the current use of the properties is their highest and best use.

At 31 December 2018 and 2017, all of the investment properties were measured at fair value.

14. 投資物業(續)

附註：

- (a) 於2018年12月31日，本集團若干賬面總值為人民幣4,994,439,000元(2017年：人民幣2,900,445,000元)的投資物業已抵押予銀行作為本集團獲授銀行貸款的抵押(附註27(a)(iii))。
- (b) 本集團的已竣工投資物業根據經營租賃出租予第三方，更多概要詳情載於附註42(a)。
- (c) 本集團的已竣工投資物業及在建投資物業由獨立專業合資格估值師仲量聯行企業評估及諮詢有限公司於2018年及2017年12月31日重估。

就已竣工投資物業而言，估值基於將來自現有租約的租金收入淨額資本化，並適當計入復歸業權可能帶來的收入，或參考可資比較市場交易，並考慮調整以反映交易時間、位置及租約的差別。

就於報告期間結束時按公允值入賬的在建投資物業而言，估值基於餘值法，並考慮預期建設成本及為完成開發將支出的成本以反映已竣工開發項目的品質，依據是該等物業將按本集團的最新開發計劃開發及完成。

董事認為，就按公允值計量的所有投資物業而言，該等物業的現有用途為其最高效及最佳用途。

於2018年及2017年12月31日，所有投資物業均按公允值計量。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

14. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

(c) (Continued)

Fair value hierarchy

At 31 December 2018 and 2017, the fair value measurement of all of the Group's investment properties used significant unobservable inputs (Level 3) as defined in HKFRS 13.

During the year, there were no transfers of fair value measurements between Level 1 (quoted prices in active markets) and Level 2 (significant observable inputs) and no transfers into or out of Level 3 (2017: Nil).

Descriptions of valuation techniques used and key inputs to valuation on investment properties:

14. 投資物業(續)

附註：(續)

(c) (續)

公允價值層級

於2018年及2017年12月31日，本集團所有投資物業的公允價值乃採用非可觀察的主要輸入數據(第3級)(定義見香港財務報告準則第13號)計量。

年內，公允價值計量並無於第1級(於活躍市場的報價)與第2級(可觀察的主要輸入數據)之間發生轉移，亦無轉入或轉出第3級(2017年：無)。

對投資物業估值使用的估值方法及主要輸入數據說明：

	Valuation technique 估值方法	Significant unobservable inputs 非可觀察的主要輸入數據	Range or weighted average 範圍或加權平均	
			2018 2018年	2017 2017年
Completed 已竣工				
Retail 零售	Income approach 收入法	Estimated annual rental value/sq.m. (RMB) 估計每平方米年租金價值(人民幣元)	1,600-82,000	1,460-78,000
		Capitalisation rate 資本化率	3.5%-6.5%	3.5%-6.5%
Car parking spaces 停車場	Market approach 市場法	Unit price (RMB/unit) 單價(人民幣元/單元)	150,000-400,000	152,000-413,000
Under construction 在建				
Retail 零售	Residual approach 餘值法	Estimated annual rental value/sq.m. (RMB) 估計每平方米年租金價值(人民幣元)	16,000-187,000	16,000-35,000
		Capitalisation rate 資本化率	5%	5%
		Development profit 開發利潤	15%	15%

A significant increase/(decrease) in estimated annual rental value per square meter in isolation would result in a significantly higher/(lower) fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties. A significant increase/(decrease) in unit price would result in a significantly higher/(lower) fair value of the investment properties. A significant increase/(decrease) in development profit in isolation would result in a significantly lower/(higher) fair value of the investment properties.

The valuation of car parking spaces was determined based on unit prices of comparable transactions with adjustment on dissimilar attributes.

Development profit represented the adjustment on future uncertainty in respect of properties under construction.

估計每平方米年租金價值單獨大幅增加／(減少)會令投資物業公允價值大幅增加／(減少)。資本化率單獨大幅增加／(減少)會令投資物業公允價值大幅減少／(增加)。單價大幅增加／(減少)會令投資物業公允價值大幅增加／(減少)。開發利潤單獨大幅增加／(減少)將導致投資物業的公允價值大幅減少／(增加)。

停車場估值乃按可比較交易單價調整不同屬性釐定。

開發利潤即在建物業未來不確定性調整。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

15. GOODWILL

15. 商譽

		RMB'000 人民幣千元
Cost at 1 January 2017, net of accumulated impairment	於2017年1月1日之成本，扣除累計減值	100,401
Impairment during the year	年內減值	(100,401)
At 31 December 2017	於2017年12月31日	—
At 31 December 2017:	於2017年12月31日：	
Cost	成本	264,666
Accumulated impairment	累計減值	(264,666)
Net carrying amount	賬面淨值	—
Cost at 1 January 2018, net of accumulated impairment	於2018年1月1日之成本，扣除累計減值	—
Acquisition of subsidiaries (note 37(b))	收購附屬公司(附註37(b))	1,133,070
Impairment during the year	年內減值	—
At 31 December 2018	於2018年12月31日	1,133,070
At 31 December 2018:	於2018年12月31日：	
Cost	成本	1,397,736
Accumulated impairment	累計減值	(264,666)
Net carrying amount	賬面淨值	1,133,070

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15. GOODWILL (Continued)

Impairment testing of goodwill

The Group's goodwill acquired through a business combination in the prior years was allocated to a cash-generating unit for the property development segment, which principally engaged in the property development in the PRC, for impairment testing. The recoverable amount of the cash-generating unit of the property development segment was determined based on a value-in-use calculation using a cash flow projection based on a financial budget covering two-year period approved by senior management.

The development project acquired in prior year comprises 2 phases. As at 31 December 2017, both Phases I and II were completed and the properties were substantially sold to and handed over to the buyers. In view of the above, the goodwill related to the acquisition in prior year was fully impaired during the year ended 31 December 2017.

The Group's goodwill acquired through a business combination in the current year were allocated to three cash-generating units for the property development segments, which principally engaged in the property development in Hefei, Hangzhou and Beijing, for impairment testing. The recoverable amounts of the cash-generating units of the property development segments were determined based on a value-in-use calculation using a cash flow projection based on a financial budget covering ranged from one-year to five-year period approved by senior management.

The development projects in Hefei acquired in the current year comprises 2 phases. As at 31 December 2018, both Phases I and II were still not yet completed. Management estimated that the properties of both phases shall be completely sold to and handed over to the buyers by the end of 2021. In view of the expected tenure of the business, the financial budget only covered a three-year period and no perpetual growth rate was applied in the calculation of value-in-use. The discount rate applied to the cash flow projection of the cash-generating unit was 10.7%.

15. 商譽(續) 商譽減值測試

為進行減值測試，本集團於過往年度透過業務合併收購之商譽已分配至物業開發分部（主要於中國從事物業開發）之現金產生單位。物業開發分部現金產生單位之可收回金額乃按採用現金流量預測（以高級管理層批准之兩年期間財務預算為基準作出）計算的使用價值釐定。

上一年度收購的開發項目包括兩期。於2017年12月31日，一期及二期已經完工，大部分物業已出售及交樓予買家。鑒於上文所述，有關上一年度收購的商譽已於截至2017年12月31日止年度悉數減值。

為進行減值測試，本集團於當前年度透過業務合併收購之商譽已分配至物業開發分部（主要於合肥、杭州及北京從事物業開發）之三個現金產生單位。物業開發分部現金產生單位之可收回金額乃按採用現金流量預測（以高級管理層批准之一至五年期間財務預算為基準作出）計算的使用價值釐定。

當前年度於合肥收購的開發項目包括兩期。於2018年12月31日，一期及二期尚未完工。管理層估計兩期物業將於2021年年底完全出售及交樓予買家。鑒於業務之預期年期，而財務預算僅涵蓋三年，因此於計算使用價值時並無採用永續增長率。計算現金產生單位之現金流量預測所用的折現率為10.7%。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

15. GOODWILL (Continued)**Impairment testing of goodwill (Continued)**

The development projects in Hangzhou acquired in the current year comprises 2 phases. As at 31 December 2018, Phase I was completed and the properties were substantially sold to and handed over to the buyers and Phase II was still not yet completed. Management estimated that the properties of both phases shall be completely sold to and handed over to the buyers by the end of 2019. In view of the expected tenure of the business, the financial budget only covered a one-year period and no perpetual growth rate was applied in the calculation of value-in-use. The discount rate applied to the cash flow projection of the cash-generating unit was 10.7%.

Management estimated that the property development project in Beijing acquired in the current year shall be completed within 5 years. The recoverable amount was determined based on a value in use calculation using cash flow projection based on the financial budget covering a five-year period approved by senior management. The discount rate applied to the cash flow projection was 10.7% and cash flow beyond the five-year period was extrapolated using a growth rate of 3%.

Assumptions were used in the value-in-use calculation of the above mentioned property development segment's cash-generating unit for 31 December 2018 and 31 December 2017. The following describes each key assumption on which management had based its cash flow projections to undertake impairment testing of goodwill:

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Business environment — There was no major change in the existing political, legal and economic conditions in the PRC in which the cash-generating unit carried on its business.

15. 商譽(續)**商譽減值測試(續)**

當前年度於杭州收購的開發項目包括兩期。於2018年12月31日，一期已經完工，大部分物業已出售及交樓予買家而二期尚未完工。管理層估計兩期物業將於2019年年底完全出售及交樓予買家。鑒於業務之預期年期，而財務預算僅涵蓋一年，因此於計算使用價值時並無採用永續增長率。計算現金產生單位之現金流量預測所用的折現率為10.7%。

管理層估計當前年度於北京收購的物業開發項目將於五年內完工。可收回金額乃按採用現金流量預測(以高級管理層批准之五年期間財務預算為基準作出)計算的使用價值釐定。現金流量預測所用的折現率為10.7%，超出五年期間的現金流量則按增長率3%推算。

計算上述物業開發分部之現金產生單位於2018年12月31日及2017年12月31日之使用價值已運用假設。下文載述管理層預測現金流量以進行商譽減值測試所依據的各項主要假設：

折現率 — 所用折現率為除稅前及反映相關單位的特定風險。

業務環境 — 現金產生單位開展業務所在的中國之現有政治、法律及經濟環境並無出現重大變動。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

16. INVESTMENTS IN JOINT VENTURES

16. 於合營公司的投資

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Share of net assets	應佔資產淨值	6,204,784	6,387,378

Notes:

(a) The Group's other receivable balances due from joint ventures and other payable balances due to joint ventures are disclosed in note 21 and note 25 to the financial statements, respectively.

(b) Particulars of the Group's principal joint ventures are as follows:

附註：

(a) 本集團應收合營公司的其他應收款項結餘及應付該等合營公司的其他應付款項結餘分別披露於財務報表附註21及附註25。

(b) 本集團主要合營公司的詳情如下：

Company name 公司名稱	Registered and paid-up capital 註冊及繳足資本	Places of registration and business 註冊及經營地點	Percentage of 下列各項所佔百分比			
			Ownership interest 所有權權益	Voting power 投票權	Profit sharing 分佔利潤	Principal activity 主要業務
Xiamen Vanke Maluan Bay Properties Limited [®] (Note)	RMB30,000,000	PRC/Mainland China	20%	20%	20%	Property development
廈門市萬科馬鑾灣置業有限公司 [®] (附註)	人民幣30,000,000元	中國／中國大陸	20%	20%	20%	物業開發
Hefei Ruiyun Realty Co., Ltd. [®] (Note)	RMB19,600,000	PRC/Mainland China	51%	51%	51%	Property development
合肥瑞雲置業有限公司 [®] (附註)	人民幣19,600,000元	中國／中國大陸	51%	51%	51%	物業開發
Fuzhou Zexiang Real Estate Development Co., Ltd. [®] (Note)	RMB50,000,000	PRC/Mainland China	66%	66%	66%	Property development
福州澤翔房地產開發有限公司 [®] (附註)	人民幣50,000,000元	中國／中國大陸	66%	66%	66%	物業開發

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

16. INVESTMENTS IN JOINT VENTURES

(Continued)

Notes: (Continued)

- (b) Particulars of the Group's principal joint ventures are as follows:
(Continued)

16. 於合營公司的投資(續)

附註：(續)

- (b) 本集團主要合營公司的詳情如下：(續)

Company name 公司名稱	Registered and paid-up capital 註冊及繳足資本	Places of registration and business 註冊及經營地點	Percentage of 下列各項所佔百分比			Principal activity 主要業務
			Ownership interest 所有權權益	Voting power 投票權	Profit sharing 分佔利潤	
Shanghai Haoyi Real Estate Development Co., Ltd.* (Note) 上海灝溢房地產開發有限公司*(附註)	RMB881,000,000 人民幣881,000,000元	PRC/Mainland China 中國／中國大陸	40%	40%	40%	Property development 物業開發
Xiamen Yuliantai Real Estate Development Co., Ltd.® (Note) 廈門禹聯泰房地產開發有限 公司®(附註)	RMB50,000,000 人民幣50,000,000元	PRC/Mainland China 中國／中國大陸	51%	51%	51%	Property development 物業開發
Xiamen Yuzhou Hotel Invest & Manage Co., Ltd.® (Note) 廈門禹洲酒店投資管理有限公 司®(附註)	RMB500,000,000 人民幣500,000,000元	PRC/Mainland China 中國／中國大陸	80%	80%	80%	Hotel operation 酒店業務
Hefei Zexiang Real Estate Development Co., Ltd. ("Hefei Zexiang") @ (Note) 合肥澤翔房地產開發有限公 司(「合肥澤翔」)@(附註)	RMB605,000,000 人民幣605,000,000元	PRC/Mainland China 中國／中國大陸	51%	51%	51%	Property development 物業開發
Hefei Bozhou Real Estate Development Co., Ltd. @ (Note) 合肥博洲房地產開發有限公 司@(附註)	RMB392,160,000 人民幣392,160,000元	PRC/Mainland China 中國／中國大陸	51%	51%	51%	Property development 物業開發
Suzhou Haoyi Real Estate Development Co., Ltd.® (Note) 蘇州灝溢房地產開發有限公 司®(附註)	RMB75,000,000 人民幣75,000,000元	PRC/Mainland China 中國／中國大陸	20%	20%	20%	Property development 物業開發

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

16. INVESTMENTS IN JOINT VENTURES

(Continued)

Notes: (Continued)

- (b) Particulars of the Group's principal joint ventures are as follows:
(Continued)

Company name 公司名稱	Registered and paid-up capital 註冊及繳足資本	Places of registration and business 註冊及經營地點	Percentage of 下列各項所佔百分比			
			Ownership interest 所有權權益	Voting power 投票權	Profit sharing 分佔利潤	Principal activity 主要業務
Tianjin Xuanyi Real Estate Development Co., Ltd.® (Note)	RMB50,000,000	PRC/Mainland China	60%	60%	60%	Property development
天津軒溢房地產開發有限 公司®(附註)	人民幣50,000,000元	中國／中國大陸	60%	60%	60%	物業開發
Yangzhou Jinshi Real Property Co., Ltd.® (Note)	RMB306,866,667	PRC/Mainland China	40%	40%	40%	Property development
揚州金獅房產有限公司®(附註)	人民幣306,866,667元	中國／中國大陸	40%	40%	40%	物業開發
Zhoushan Rongdu Property Ltd.® (Note)	RMB2,000,000,000	PRC/Mainland China	50%	50%	50%	Property development
舟山榮都置業有限公司®(附註)	人民幣2,000,000,000元	中國／中國大陸	50%	50%	50%	物業開發

All the above joint ventures are indirectly held by the Company and are not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

@ Registered as domestic limited liability companies under the PRC law.

* Registered as Sino-foreign equity entities under the PRC law.

Note: The English names of these entities represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English names.

- (c) During the year ended 31 December 2018, the Group entered in equity transfer agreements for the acquisition of the remaining equity interests in three former material joint ventures, namely, Shanghai Zexiang, Zhongwei Properties and Hefei Zexiang. Further details are included in note 37(b) to the financial statements.

In the opinion of the Directors, the joint ventures were not individually material to the Group in the current year. Hence, no disclosures of their separate financial information has been made.

The following table illustrate the summarised financial information for the year ended 31 December 2017 in respect of three former material joint ventures, namely, Shanghai Zexiang, Zhongwei Properties and Hefei Zexiang, adjusted for any differences in accounting policies and reconciled to the carrying amounts in the financial statements:

16. 於合營公司的投資(續)

附註：(續)

- (b) 本集團主要合營公司的詳情如下：(續)

上述所有合營公司均由本公司間接持有，且並非由香港安永會計師事務所或安永全球網絡之任何其他成員公司審核。

@ 根據中國法律註冊為本地有限責任公司。

* 根據中國法律註冊為中外合資權益實體。

附註：由於該等實體並未註冊任何正式英文名稱，因此其英文名稱乃本公司管理層盡力直接翻譯其中文名稱而得出。

- (c) 截至2018年12月31日止年度，本集團就收購三間前重要合營公司(即上海澤翔、中維地產及合肥澤翔)之餘下股權訂立股權轉讓協議。詳情載於財務報表附註37(b)。

董事認為，本年度並無合營公司個別對本集團屬重要，因此並無披露彼等的獨立財務資料。

下表列示截至2017年12月31日止年度就前三間重要合營公司(即上海澤翔、中維地產及合肥澤翔)的財務資料概要(已就會計政策之任何差異作出調整及與財務報表賬面值對賬)：

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

16. INVESTMENTS IN JOINT VENTURES

(Continued)

Notes: (Continued)

(c) (Continued)
Shanghai Zexiang

16. 於合營公司的投資(續)

附註：(續)

(c) (續)
上海澤翔2017
RMB'000
人民幣千元

Financial position	財務狀況	
Cash and cash equivalents	現金及現金等價物	174,563
Other current assets	其他流動資產	5,703,394
Properties under development	在建物業	3,134,925
Current assets	流動資產	9,012,882
Non-current assets	非流動資產	1,012
Current liabilities	流動負債	4,358,521
Non-current liabilities	非流動負債	2,400,000
Net assets	資產淨值	2,255,373
Reconciliation to the Group's interest in the joint venture:	與本集團於合營公司的權益對賬：	
Proportion of the Group's ownership	本集團之所有權百分比	40%
Group's share of net assets of the joint venture	本集團分佔合營公司資產淨值	902,149
Carrying amount of the investment	投資賬面值	902,149
Operating performance	經營表現	
Interest income	利息收入	1,512
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	218,442

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

16. INVESTMENTS IN JOINT VENTURES

(Continued)

Notes: (Continued)

(c) (Continued)
Zhongwei Properties

16. 於合營公司的投資(續)

附註：(續)

(c) (續)
中維地產

2017
RMB'000
人民幣千元

Financial position	財務狀況	
Cash and cash equivalents	現金及現金等價物	21,386
Other current assets	其他流動資產	4,007,278
Properties under development	在建物業	4,938,990
Current assets	流動資產	8,967,654
Non-current assets	非流動資產	1,018
Financial liabilities, excluding trade and other payables	財務負債，不包括貿易應付款和 其他應付款	1,639,500
Other current liabilities	其他流動負債	3,918,788
Current liabilities	流動負債	5,558,288
Non-current liabilities	非流動負債	990,000
Net assets	資產淨值	2,420,384
Reconciliation to the Group's interest in the joint venture:	與本集團於合營公司的權益對賬：	
Proportion of the Group's ownership	本集團之所有權百分比	48.5%
Group's share of net assets of the joint venture	本集團分佔合營公司資產淨值	1,173,886
Carrying amount of the investment	投資賬面值	1,173,886
Operating performance	經營表現	
Interest income	利息收入	502
Depreciation and amortisation	折舊及攤銷	132
Interest expense	利息開支	67
Profit and total comprehensive income for the year	年內利潤及全面收益總額	90,487

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

16. INVESTMENTS IN JOINT VENTURES

(Continued)

附註：(續)

(c) (Continued)
Hefei Zexiang

16. 於合營公司的投資(續)

附註：(續)

(c) (續)
合肥澤翔2017
RMB'000
人民幣千元

Financial position	財務狀況	
Cash and cash equivalents	現金及現金等價物	7,752
Other current assets	其他流動資產	1,382,838
Properties under development	在建物業	2,320,695
Current assets	流動資產	3,711,285
Non-current assets	非流動資產	—
Current liabilities	流動負債	3,338,383
Non-current liabilities	非流動負債	—
Net assets	淨資產	372,902
Reconciliation to the Group's interest in the joint venture:	與本集團於合營公司的權益對賬：	
Proportion of the Group's ownership	本集團之所有權百分比	51%
Group's share of net assets of the joint venture	本集團分佔合營公司資產淨值	190,180
Carrying amount of the investment	投資賬面值	190,180
Operating performance	經營表現	
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	185,271

(d) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

(d) 下表列示本集團合營公司(並非屬重要)的整體財務資料：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Share of the joint ventures' (loss)/profit for the year	分佔合營公司年度(虧損)/溢利	(74,265)	73,260
Share of the joint ventures' total comprehensive (loss)/income	分佔合營公司全面(虧損)/收益總額	(74,265)	73,260
Aggregate carrying amount of the Group's investments in the joint ventures	本集團於合營公司之投資的賬面總值	6,204,784	4,121,163

(e) Certain of the bank and other borrowings of the Group's joint ventures are secured by pledges over the Group's equity interests in the joint ventures with an aggregate carrying amount at the end of the reporting period of approximately RMB169,574,000 (2017: RMB2,492,738,000).

(e) 本集團合營公司的若干銀行及其他借款以本集團於合營公司的股權於報告期末的賬面總值約人民幣169,574,000元(2017年：人民幣2,492,738,000元)作抵押。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

17. INVESTMENTS IN ASSOCIATES

17. 於聯營公司的投資

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Share of net assets	應佔資產淨值	3,807,748	602,365

Notes:

附註：

- (a) The Group's other receivable balances due from associates and other payable balances due to associates are disclosed in note 21 and note 25 to the financial statements, respectively.
- (b) Particulars of the Group's principal associates are as follows:

- (a) 本集團的應收聯營公司的其他應收款項結餘及應付聯營公司的其他應付款項結餘分別於財務報表附註21及附註25內披露。
- (b) 本集團主要聯營公司的詳情如下：

Company name 公司名稱	Registered and paid-up capital 註冊及繳足股本	Places of registration and business 註冊及經營地點	Percentage of ownership interest 本集團應佔所有權益百分比	Principal activity 主要業務
Hefei Xiangze Real Estate Development Co., Ltd. (Note) 合肥翔澤房地產開發有限公司(附註)	RMB170,000,000 人民幣170,000,000元	PRC/Mainland China 中國／中國大陸	35.9% 35.9%	Property development 物業開發
Tianjin Lianyu Real Estate Development Co., Ltd. (Note) 天津聯禹置業有限公司(附註)	RMB150,000,000 人民幣150,000,000元	PRC/Mainland China 中國／中國大陸	48% 48%	Property development 物業開發
Suzhou Yuzhou Xuanyi Real Estate Development Co., Ltd. (Note) 蘇州禹州軒溢房地產開發有限公司(附註)	RMB50,000,000 人民幣50,000,000元	PRC/Mainland China 中國／中國大陸	40% 40%	Property development 物業開發
Xiamen Binxi Real Estate Development Co., Ltd. (Note) 廈門市濱溪置業有限公司(附註)	RMB100,000,000 人民幣100,000,000元	PRC/Mainland China 中國／中國大陸	15% 15%	Property development 物業開發
Taichang Yuzhou Yilong Real Estate Development Co., Ltd. (Note) 太倉禹洲益龍房地產開發有限公司(附註)	RMB500,000,000 人民幣500,000,000元	PRC/Mainland China 中國／中國大陸	23.3% 23.3%	Property development 物業開發
Nanjing Jiayang Real Estate Development Co., Ltd. (Note) 南京嘉陽房地產開發有限公司(附註)	RMB50,000,000 人民幣50,000,000元	PRC/Mainland China 中國／中國大陸	20% 20%	Property development 物業開發
Suzhou Jinshang Real Estate Development Co., Ltd. (Note) 蘇州勁商房地產開發有限公司(附註)	RMB1,200,000,000 人民幣1,200,000,000元	PRC/Mainland China 中國／中國大陸	33% 33%	Property development 物業開發
Zhejiang Shunhong Real Estate Development Co., Ltd. (Note) 浙江舜鴻房地產開發有限公司(附註)	RMB60,000,000 人民幣60,000,000元	PRC/Mainland China 中國／中國大陸	49% 49%	Property development 物業開發

The Group's shareholdings in the associates all comprise equity shares held by the wholly-owned subsidiaries of the Company.

本集團於聯營公司的股權均包括本公司全資附屬公司持有的股權。

Note: The English names of these entities represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English names.

附註：由於該等實體並未註冊任何正式英文名稱，因此其英文名稱乃本公司管理層盡力直接翻譯其中文名稱而得出。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

17. INVESTMENTS IN ASSOCIATES

(Continued)

Notes: (Continued)

- (c) In the opinion of the Directors, the associates were not individually material to the Group in the current and prior years. Hence, no disclosures of their separate financial information has been made. The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Share of the associates' profit/(loss) for the year	分佔聯營公司年度溢利／ (虧損)	21,849	(18,771)
Share of the associates' total comprehensive income/(loss)	分佔聯營公司全面收益／ (虧損)總額	21,849	(18,771)
Aggregate carrying amount of the Group's investments in the associates	本集團於聯營公司之投資的 賬面總值	3,807,748	602,365

- (d) Certain of the bank and other borrowings of the Group's associates are secured by pledges over the Group's equity interests in the associates with an aggregate carrying amount at the end of the reporting period of approximately RMB148,150,000 (2017: RMB16,535,000).

17. 於聯營公司的投資(續)

附註：(續)

- (c) 董事認為，本年度及過往年度並無聯營公司個別對本集團屬重要，因此並無披露彼等的獨立財務資料。下表列示本集團聯營公司(並非屬重要)的整體財務資料：

- (d) 本集團聯營公司的若干銀行及其他借款以本集團於聯營公司的股權於報告期末的賬面總值約人民幣148,150,000元(2017年：人民幣16,535,000元)作抵押。

18. LAND HELD FOR PROPERTY DEVELOPMENT FOR SALE

18. 持作物業開發銷售用途的土地

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Carrying amount at beginning of year	年初賬面金額	9,388,697	1,098,474
Additions during the year	年內添置	1,739,287	6,315,254
Acquisition of subsidiaries (note 37(b))	收購附屬公司(附註37(b))	2,432,027	1,945,572
Transfer from prepayments for acquisition of land	轉撥自收購土地預付款項	—	731,694
Transfer to properties under development	轉撥至在建物業	(7,664,583)	(702,297)
Carrying amount at end of year	年末賬面金額	5,895,428	9,388,697
Portion classified as current assets	分類為流動資產的部分	(5,680,204)	(9,173,473)
Non-current assets	非流動資產	215,224	215,224

At 31 December 2018, certain of the Group's land held for property development for sale with an aggregate carrying amount of RMB1,338,353,000 (2017: RMB2,757,241,000) were pledged to banks to secure certain of the bank loans granted to the Group (note 27(a)(v)).

於2018年12月31日，本集團若干賬面總值為人民幣1,338,353,000元(2017年：人民幣2,757,241,000元)的持作物業開發銷售用途的土地已抵押予銀行作為本集團獲授若干銀行貸款的抵押(附註27(a)(v))。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

19. PROPERTIES UNDER DEVELOPMENT 19. 在建物業

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Properties under development expected to be completed within normal operating cycle and classified as current assets	預期於日常經營週期內竣工及分類為流動資產的在建物業		
are expected to be recoverable:	預期於下列期間內收回：		
Within one year	一年內	12,133,072	4,780,225
After one year	一年後	14,481,134	5,483,715
		<u>26,614,206</u>	<u>10,263,940</u>

At 31 December 2018, certain of the Group's properties under development with an aggregate carrying amount of RMB11,918,931,000 (2017: RMB3,449,694,000) were pledged to banks to secure certain of the bank loans granted to the Group (note 27(a)(i)).

於2018年12月31日，本集團若干賬面總值為人民幣11,918,931,000元（2017年：人民幣3,449,694,000元）的在建物業已抵押予銀行作為本集團獲授若干銀行貸款的抵押（附註27(a)(i)）。

20. PROPERTIES HELD FOR SALE

At 31 December 2018, certain of the Group's properties held for sale with an aggregate carrying amount of RMB810,533,000 (2017: RMB1,231,180,000) were pledged to banks to secure certain of the bank loans granted to the Group (note 27(a)(iii)).

20. 持作銷售用途的物業

於2018年12月31日，本集團若干賬面總值為人民幣810,533,000元（2017年：人民幣1,231,180,000元）的持作銷售用途的物業已抵押予銀行以作為本集團獲授的若干銀行貸款的抵押（附註27(a)(iii)）。

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Prepayments	預付款	2,553,729	1,306,436
Deposits and other receivables	按金及其他應收款項	13,158,901	14,323,882
		<u>15,712,630</u>	<u>15,630,318</u>
Portion classified as current assets	分類為流動資產的部分	(14,683,118)	(15,630,318)
		<u>1,029,512</u>	<u>—</u>
Non-current assets	非流動資產		

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

上述資產概無逾期或減值。計入上述結餘的金融資產與近期並無拖欠記錄的應收款項有關。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**(Continued)**

As at 31 December 2018, certain of the Group's other receivables with an aggregate carrying amount of RMB27,871,000 (2017: RMB35,120,000) were pledged to banks to secure certain of the bank loans granted to the Group (note 27(a)(iv)).

As at 31 December 2018, included in the Group's other receivables are amounts due from joint ventures and associates of RMB2,050,514,000 (2017: RMB7,085,196,000) and RMB3,603,615,000 (2017: RMB4,177,308,000), respectively, which are unsecured, interest-free and repayable on demand.

Impairment under HKFRS 9 for the year ended 31 December 2018

The financial impact of expected credit losses for deposits and other receivables under HKFRS 9 is insignificant for the year ended 31 December 2018.

22. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS**21. 預付款、其他應收款項及其他資產(續)**

於2018年12月31日，本集團若干賬面總值為人民幣27,871,000元(2017年：人民幣35,120,000元)的其他應收款項已抵押予銀行以作為本集團獲授的若干銀行貸款的抵押品(附註27(a)(iv))。

於2018年12月31日，本集團的其他應收款項包括應收合營公司及聯營公司款項分別人民幣2,050,514,000元(2017年：人民幣7,085,196,000元)及人民幣3,603,615,000元(2017年：人民幣4,177,308,000元)，有關款項為無抵押、免息及須於催繳時立刻償還。

截至2018年12月31日止年度香港財務報告準則第9號項下之減值

截至2018年12月31日止年度香港財務報告準則第9號項下按金及其他應收款項預期信貸損失的財務影響並不重大。

22. 受限制現金及現金及現金等價物

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	29,279,350	17,498,208
Less: Restricted cash (note (c))	減：受限制現金(附註(c))	(2,117,120)	(1,901,969)
Cash and cash equivalents	現金及現金等價物	27,162,230	15,596,239

Notes:

- (a) Cash at banks earns interest at floating rates based on daily bank deposit rates.
- (b) At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB23,300,991,000 (2017: RMB16,367,335,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

附註：

- (a) 銀行存款根據每日銀行存款利率按浮息賺取利息。
- (b) 於報告期間結束時，本集團的現金及銀行結餘以人民幣計值，為人民幣23,300,991,000元(2017年：人民幣16,367,335,000元)。人民幣不可自由兌換為其他貨幣，然而，根據中國大陸的外匯管制條例及結匯、售匯及付匯管理規定，本集團獲批准透過授權進行外匯業務的銀行將人民幣兌換為其他貨幣。

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22. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS (Continued)

Notes: (Continued)

(c) A summary of the restricted cash of the Group as at 31 December 2018 is as follows:

- (i) According to relevant documents issued by the Xiamen Municipal Land and Housing Administrative Bureau, certain property management companies of the Group are required to place part of their management fees received at banks as guarantee deposits for the public maintenance fund of the related properties. The deposits can only be used for the maintenance of the relevant properties. At 31 December 2018, such guarantee deposits amounted to RMB2,064,000 (2017: RMB7,958,000).
- (ii) As further detailed in note 40(a) to the financial statements, guarantee deposits of RMB307,428,000 (2017: RMB392,609,000) as at 31 December 2018 were pledged to banks which provide mortgages to the purchasers of the Group's properties, for potential default of mortgage loans advanced to property purchasers. Such guarantee deposits will be released after the property ownership certificates of the relevant properties have been passed to the banks.
- (iii) According to relevant loan facility agreements signed by certain subsidiaries of the Group with the banks, the subsidiaries are required to place the pre-sale proceeds of their properties at designated bank accounts. The deposits can only be used for the payment of property development costs incurred by the subsidiaries and the repayment of the relevant loans. At 31 December 2018, such deposits amounted to RMB1,369,188,000 (2017: RMB870,275,000).
- (iv) Certain subsidiaries of the Group are required to place certain amounts at specific bank accounts as guarantee deposits for the use of the loan proceeds. At 31 December 2018, the aggregate amount of such deposits was RMB438,439,000 (2017: RMB631,127,000) (note 27(a)(xii)).

22. 受限制現金及現金及現金等價物(續)

附註：(續)

(c) 本集團於2018年12月31日的受限制現金概述如下：

- (i) 根據廈門市土地房產管理局發佈的有關文件，本集團若干物業管理公司須將部分數額的已收管理費存入銀行，作為有關物業公共維修基金的擔保按金。該等按金僅可用於有關物業的維修。於2018年12月31日，該等擔保按金為人民幣2,064,000元(2017年：人民幣7,958,000元)。
- (ii) 誠如財務報表附註40(a)所進一步詳述，於2018年12月31日，擔保按金人民幣307,428,000元(2017年：人民幣392,609,000元)已抵押予向本集團物業買家提供按揭之銀行，作為潛在物業買家拖欠支付按揭貸款的按金。該等擔保按金將於有關物業的房產證交予銀行後方可解除。
- (iii) 根據本集團若干附屬公司與其銀行簽署的相關貸款融資協議，該等附屬公司須將其物業的預售所得款項存入指定銀行賬戶。該等按金將僅可用於支付該等附屬公司產生的物業開發成本及償還相關貸款。於2018年12月31日，該等按金為人民幣1,369,188,000元(2017年：人民幣870,275,000元)。
- (iv) 本集團的若干附屬公司須於特定銀行賬戶存入若干金額作為擔保按金，以使用貸款所得款項。於2018年12月31日，該等按金總額為人民幣438,439,000元(2017年：人民幣631,127,000元)(附註27(a)(xii))。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

23. RECEIPTS IN ADVANCE AND CONTRACT LIABILITIES

Receipts in advance and contract liabilities represent sales proceeds received from buyers in connection with the Group's pre-sales of properties. The balance of receipts in advance in prior year was reclassified to contract liabilities upon the adoption of HKFRS 15.

The increase in balance of contract liabilities was mainly due to addition of contracted sales during the year.

24. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the due date, is as follows:

23. 預收款項及合約負債

預收款項及合約負債指就本集團預售物業而向買家收取的出售所得款項。採納香港財務報告準則第15號後，上一年度預收款項結餘重新分類至合約負債。

合約負債餘額增加主要是由於年內合約銷售增加所致。

24. 貿易應付款項

根據結算日期，於報告期間結束時的貿易應付款項的賬齡分析如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Due within 1 year or on demand	1年內或須於要求時償還	3,978,243	3,004,832
Due within 1 to 2 years	1至2年內須償還	2,878,830	2,148,688
		<u>6,857,073</u>	<u>5,153,520</u>

The trade payables are non-interest-bearing and unsecured.

貿易應付款項為不計息及無抵押。

25. OTHER PAYABLES AND ACCRUALS**25. 其他應付款項及應計費用**

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Accruals	應計費用	1,590,277	712,094
Other payables	其他應付款項	21,369,830	14,316,371
		<u>22,960,107</u>	<u>15,028,465</u>
Portion classified as current liabilities	分類為流動負債的部分	(22,960,107)	(12,468,016)
Non-current portion	非即期部分	<u>—</u>	<u>2,560,449</u>

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

25. OTHER PAYABLES AND ACCRUALS

(Continued)

Included in the Group's other payables as at 31 December 2018 are amounts due to joint ventures, associates and non-controlling shareholders of the Group's subsidiaries of RMB8,020,238,000 (2017: RMB10,999,042,000), RMB224,674,000 (2017: RMB302,774,000) and RMB1,405,897,000 (2017: RMB469,228,000), respectively. These balances are unsecured, interest-free and have no fixed terms of repayment. As at 31 December 2017, balances with an aggregate amount of RMB2,560,449,000 are unsecured, interest-free and not repayable within one year.

Included in the Group's other payables as at 31 December 2018 were cooperation deposits of RMB5,501,999,000 (2017: Nil) from independent third parties for proposed joint land bidding in the PRC.

Included in the Group's other payables as at 31 December 2018 is an amount of RMB200,000,000 (2017: Nil) due to a company controlled by certain directors of the Company.

26. DERIVATIVE FINANCIAL INSTRUMENTS

25. 其他應付款項及應計費用(續)

於2018年12月31日的本集團其他應付款項包括應付合營公司、聯營公司及本集團附屬公司的非控股股東的款項，分別為人民幣8,020,238,000元(2017年：人民幣10,999,042,000)、人民幣224,674,000元(2017年：人民幣302,774,000元)及人民幣1,405,897,000元(2017年：人民幣469,228,000元)。該等結餘屬無抵押、免息且無固定還款期。於2017年12月31日，總額為人民幣2,560,449,000元的結餘屬無抵押、免息且並非於1年內償還。

於2018年12月31日的本集團其他應付款項包括就計劃於中國聯合土地競標而應收獨立第三方的合作按金人民幣5,501,999,000元(2017年：無)。

於2018年12月31日，本集團其他應付款項包括應付本公司若干董事控制的一間公司的款項人民幣200,000,000元(2017年：無)。

26. 衍生金融工具

		31 December 2018 2018年12月31日		31 December 2017 2017年12月31日	
		Assets 資產	Liabilities 負債	Assets 資產	Liabilities 負債
		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
2016 Call Options — 6%	2016年認購權 — 6%	—	—	12,343	—
2017 Call Options — 6%	2017年認購權 — 6%	—	—	5,375	—
Structured forward	結構性遠期貨合約	—	—	—	19,229
currency contracts	外匯掉期	—	5,884	—	—
Foreign currency swap		—	5,884	17,718	19,229

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes:

- (a) In October 2016, the Company issued 6% senior notes (the "2016 Senior Notes — 6%") with an aggregate principal value of US\$250,000,000 (approximately RMB1,695,000,000). The Company, at its option, can redeem all or a portion of the 2016 Senior Notes — 6% (the "2016 Call Options — 6%") at any time prior to the maturity date at the redemption price (principal amount plus applicable premium) plus accrued and unpaid interest up to the redemption date. Further details of the 2016 Senior Notes — 6% are included in note 29(a) to the financial statements.
- (b) In January 2017, the Company issued 6% senior notes (the "2017 Senior Notes — 6%") with an aggregate principal value of US\$350,000,000 (approximately RMB2,410,271,000). The Company, at its option, can redeem all or a portion of the 2017 Senior Notes — 6% (the "2017 Call Options — 6%") at any time prior to the maturity date at the redemption price (principal amount plus applicable premium) plus accrued and unpaid interest up to the redemption date. Further details of the 2017 Senior Notes — 6% are included in note 29(b) to the financial statements.

Descriptions of the valuation technique used and the key input to the valuation of the call options are as follows:

Valuation technique 估值方法	Significant unobservable input 非可觀察的主要輸入數據	2018 Range 範圍	2017 Range 範圍
Discounted cash flow 現金流貼現法	Credit spread 信貸息差	7.8%–10.0%	5.7%–8.2%

A significant increase/(decrease) in the credit spread would result in a significantly lower/(higher) fair value of the derivative financial instruments.

- (c) The Company entered into certain structured forward currency contracts in prior years with banks to mitigate the foreign exchange exposure. All structured forward currency contracts have a maturity term of one year.
- (d) The Company entered into a foreign currency swap contract in current year with a bank to mitigate the foreign exchange exposure. The foreign currency swap has a maturity term of one year.

26. 衍生金融工具(續)

附註：

- (a) 於2016年10月，本公司發行本金總值250,000,000美元(約人民幣1,695,000,000元)的6%優先票據(「2016年優先票據 — 6%」)。本公司可在到期日前隨時以贖回價(即本金額加適用溢價)加截至贖回日期的應計而未付利息酌情贖回全部或部分2016年優先票據 — 6%(「2016年認購權 — 6%」)。2016年優先票據 — 6%之進一步詳情載於財務報表附註29(a)。
- (b) 於2017年1月，本公司發行本金總值350,000,000美元(約人民幣2,410,271,000元)的6%優先票據(「2017年優先票據 — 6%」)。本公司可在到期日前隨時以贖回價(即本金額加適用溢價)加截至贖回日期的應計而未付利息酌情贖回全部或部分2017年優先票據 — 6%(「2017年認購權 — 6%」)。2017年優先票據 — 6%之進一步詳情載於財務報表附註29(b)。

所用估值方法及認購權估值的主要輸入數據說明如下：

信貸息差大幅增加／(減少)將會令衍生金融工具公允值大幅減少／(增加)。

- (c) 本公司於過往年度與銀行訂立若干結構性遠期貨幣合約，以減輕外匯敞口。所有結構性遠期貨幣合約的到期期限為一年。
- (d) 本公司於本年度與銀行訂立外匯掉期合約，以減輕外匯敞口。外匯掉期的到期期限為一年。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

27. INTEREST-BEARING BANK AND
OTHER BORROWINGS

27. 計息銀行及其他借貸

		2018			2017		
		Effective interest rate (%) 實際利率(%)	Maturity 到期日	RMB'000 人民幣千元	Effective interest rate (%) 實際利率(%)	Maturity 到期日	RMB'000 人民幣千元
Current	即期						
Bank loans — unsecured	銀行貸款 — 無抵押	—	—	—	5.23	2018	350,000
Bank loans — secured	銀行貸款 — 有抵押	2.64-8.55	2019	2,870,825	1.69-6.16	2018	2,854,710
Other loans — secured	其他貸款 — 有抵押	5.39-11.50	2019	5,808,793	5.39-8.00	2018	3,499,630
				<u>8,679,618</u>			<u>6,704,340</u>
Non-current	非即期						
Bank loans — unsecured	銀行貸款 — 無抵押	6.18	2021	300,000	—	—	—
Bank loans — secured	銀行貸款 — 有抵押	2.64-8.55	2020-2037	8,018,945	1.69-5.88	2019-2037	5,550,938
Other loans — secured	其他貸款 — 有抵押	5.39-10.50	2020-2027	4,149,100	5.39-8.00	2019-2027	1,456,587
				<u>12,468,045</u>			<u>7,007,525</u>
				<u>21,147,663</u>			<u>13,711,865</u>

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Analysed into:	分析如下：		
Bank loans repayable:	須償還銀行貸款的期限：		
Within one year or on demand	於1年內或應要求	2,870,825	3,204,710
In the second year	於第2年	3,458,832	422,984
In the third to fifth years, inclusive	於第3年至第5年 (包括首尾兩年)	4,295,069	4,819,800
Beyond five years	5年後	565,044	308,154
		<u>11,189,770</u>	<u>8,755,648</u>
Other loans repayable:	須償還其他貸款的期限：		
Within one year or on demand	於1年內或應要求	5,808,793	3,499,630
In the second year	於第2年	2,018,100	378,250
In the third to fifth years, inclusive	於第3年至第5年 (包括首尾兩年)	1,827,000	690,337
Beyond five years	5年後	304,000	388,000
		<u>9,957,893</u>	<u>4,956,217</u>
		<u>21,147,663</u>	<u>13,711,865</u>

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

27. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

- (a) Certain of the Group's bank and other borrowings are secured or guaranteed by:
- (i) mortgages over the Group's properties under development with an aggregate carrying amount at the end of the reporting period of approximately RMB11,918,931,000 (2017: RMB3,449,694,000) (note 19);
 - (ii) pledges over the Group's investment properties with an aggregate carrying amount at the end of the reporting period of approximately RMB4,994,439,000 (2017: RMB2,900,445,000) (note 14(a));
 - (iii) pledges over the Group's properties held for sale with an aggregate carrying amount at the end of the reporting period of approximately RMB810,533,000 (2017: RMB1,231,180,000) (note 20);
 - (iv) pledges over the Group's other receivables with an aggregate carrying amount at the end of the reporting period of approximately RMB27,871,000 (2017: RMB35,120,000) (note 21);
 - (v) pledges over the Group's land held for property development for sale with an aggregate carrying amount at the end of the reporting period of RMB1,338,353,000 (2017: RMB2,757,241,000) (note 18);
 - (vi) pledges over the Group's property, plant and equipment with an aggregate carrying amount at the end of the reporting period of approximately RMB319,063,000 (2017: Nil) (note 13);
 - (vii) pledges over the Group's equity interest in certain subsidiaries;
 - (viii) pledges over a joint venturer's equity interest in a joint venture with a carrying amount of approximately RMB19,642,000 as at 31 December 2017;
 - (ix) pledges over the properties under development held by a joint venture and an associate with an aggregate carrying amount of approximately RMB2,216,861,000 as at 31 December 2017;
 - (x) guarantees executed by a joint venturer to the extent of approximately RMB517,800,000 as at 31 December 2017;
 - (xi) corporate guarantees executed by certain subsidiaries of the Company and the Company to the extent of RMB13,175,667,000 (2017: RMB10,486,567,000); and

27. 計息銀行及其他借貸(續)

附註:

- (a) 本集團的若干銀行及其他借貸乃由以下方式抵押或擔保:
- (i) 本集團於報告期間結束時, 賬面總值約為人民幣11,918,931,000元(2017年: 人民幣3,449,694,000元)的在建物業的按揭(附註19);
 - (ii) 本集團於報告期間結束時, 賬面總值約為人民幣4,994,439,000元(2017年: 人民幣2,900,445,000元)的投資物業的抵押(附註14(a));
 - (iii) 本集團於報告期間結束時, 賬面總值約為人民幣810,533,000元(2017年: 人民幣1,231,180,000元)的持作銷售用途的物業的抵押(附註20);
 - (iv) 本集團於報告期間結束時, 賬面總值約為人民幣27,871,000元(2017年: 人民幣35,120,000元)的其他應收款項的抵押(附註21);
 - (v) 本集團於報告期間結束時, 賬面總值為人民幣1,338,353,000元(2017年: 人民幣2,757,241,000元)的持作物業開發銷售用途的土地之抵押(附註18);
 - (vi) 本集團於報告期間結束時, 賬面總值約為人民幣319,063,000元(2017年: 無)的物業、廠房及設備的抵押(附註13);
 - (vii) 本集團於若干附屬公司的股權的抵押;
 - (viii) 一名合營方於2017年12月31日所持有賬面值約為人民幣19,642,000元的合營公司股權的抵押;
 - (ix) 一間合營公司及一間聯營公司於2017年12月31日所持有賬面總值約為人民幣2,216,861,000元的在建物業的抵押;
 - (x) 於2017年12月31日, 一名合營方簽署金額約為人民幣517,800,000元的擔保;
 - (xi) 本公司若干附屬公司及本公司所簽署金額為人民幣13,175,667,000元(2017年: 人民幣10,486,567,000元)的公司擔保; 及

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

27. INTEREST-BEARING BANK AND
OTHER BORROWINGS (Continued)

Notes: (Continued)

- (a) (Continued)
- (xii) certain deposits with an aggregate amount of RMB438,439,000 (2017: RMB631,127,000) placed by certain subsidiaries of the Company at specific bank accounts as guarantee deposits for the use of the loan proceeds as at 31 December 2018 (note 22(c)(iv)).
- (b) The Group's bank and other borrowings with carrying amounts of RMB15,822,161,000 (2017: RMB7,956,423,000), RMB888,117,000 (2017: RMB1,104,381,000) and RMB4,437,385,000 (2017: RMB4,651,061,000) are denominated in RMB, Hong Kong dollars and United States dollars, respectively.

27. 計息銀行及其他借貸(續)

附註：(續)

- (a) (續)
- (xii) 本公司的若干附屬公司於2018年12月31日於特定銀行賬戶存入若干按金總額為人民幣438,439,000元(2017年：人民幣631,127,000元)作為擔保按金，以使用貸款所得款項(附註22(c)(iv))。
- (b) 本集團以人民幣、港幣及美元計值的銀行及其他借貸之賬面值分別為人民幣15,822,161,000元(2017年：人民幣7,956,423,000元)、人民幣888,117,000元(2017年：人民幣1,104,381,000元)及人民幣4,437,385,000元(2017年：人民幣4,651,061,000元)。

28. CORPORATE BONDS

28. 公司債券

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Corporate bonds due in 2018	2018年到期的公司債券	—	2,000,000
Corporate bonds due in 2019	2019年到期的公司債券	5,000,000	5,000,000
Corporate bonds due in 2020	2020年到期的公司債券	3,000,000	3,000,000
Corporate bonds due in 2021	2021年到期的公司債券	3,000,000	—
		11,000,000	10,000,000
Portion classified as current liabilities	分類為流動負債的部分	(7,200,000)	(10,000,000)
		3,800,000	—
Non-current portion	非即期部分		

Included in the above are bonds in an aggregate principal amount of:

上文包括以下本金總額的債券：

- (i) RMB2,000,000,000 corporate bonds due in 2018 issued by a subsidiary of the Company in October 2015 (the "6.7% Corporate Bonds"). The 6.7% Corporate Bonds have a term of three years and bear interest at a rate of 6.7% per annum. The 6.7% Corporate Bonds are unsecured. In October 2017, the coupon rate is adjusted to 6.99% per annum. During the year, the Group has repaid the corporate bonds.

- (i) 本公司一間附屬公司於2015年10月發行2018年到期的人民幣2,000,000,000元的公司債券(「6.7厘公司債券」)。6.7厘公司債券為期三年，按每年6.7厘計息。6.7厘公司債券為無抵押。於2017年10月，票面利率調整為每年6.99厘。年內，本集團已償付該筆公司債券。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

28. CORPORATE BONDS (Continued)

- (ii) RMB3,000,000,000 corporate bonds due in 2020 issued by a subsidiary of the Company in December 2015 (the "5.1% Corporate Bonds"). The 5.1% Corporate Bonds have a term of five years and bear interest at a rate of 5.1% per annum. The 5.1% Corporate Bonds are unsecured. In December 2018, the coupon rate is adjusted to 7.5% per annum.
- (iii) RMB2,000,000,000 corporate bonds due in 2019 issued by a subsidiary of the Company in June 2016 (the "6.28% Corporate Bonds"). The 6.28% Corporate Bonds have a term of three years and bear interest at a rate of 6.28% per annum. The 6.28% Corporate Bonds are unsecured. In June 2018, the coupon rate is adjusted to 6.99% per annum.
- (iv) RMB3,000,000,000 corporate bonds due in 2019 issued by the Company in September 2016 (the "5.3% Corporate Bonds"). The 5.3% Corporate Bonds have a term of three years and bear interest at a rate of 5.3% per annum. The 5.3% Corporate Bonds are unsecured. In September 2018, the coupon rate is adjusted to 7.7% per annum.
- (v) RMB1,000,000,000 corporate bonds due in 2021 issued by a subsidiary of the Company in August 2018 (the "7.85% Corporate Bonds I"). The 7.85% Corporate Bonds I have a term of three years and bear interest at a rate of 7.85% per annum. The 7.85% Corporate Bonds I are unsecured. At the end of the first year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group.
- (vi) RMB1,200,000,000 corporate bonds due in 2021 issued by a subsidiary of the Company in September 2018 (the "7.8% Corporate Bonds"). The 7.8% Corporate Bonds have a term of three years and bear interest at a rate of 7.8% per annum. The 7.8% Corporate Bonds are unsecured. At the end of the first year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group.
- (vii) RMB800,000,000 corporate bonds due in 2021 issued by a subsidiary of the Company in September 2018 (the "7.85% Corporate Bonds II"). The 7.85% Corporate Bonds II have a term of three years and bear interest at a rate of 7.85% per annum. The 7.85% Corporate Bonds II are unsecured. At the end of the second year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group.

28. 公司債券(續)

- (ii) 本公司一間附屬公司於2015年12月發行2020年到期的人民幣3,000,000,000元的公司債券(「5.1厘公司債券」)。5.1厘公司債券為期五年，按每年5.1厘計息。5.1厘公司債券為無抵押。於2018年12月，票面利率調整為每年7.5厘。
- (iii) 本公司一間附屬公司於2016年6月發行2019年到期的人民幣2,000,000,000元的公司債券(「6.28厘公司債券」)。6.28厘公司債券為期三年，按每年6.28厘計息。6.28厘公司債券為無抵押。於2018年6月，票面利率調整為每年6.99厘。
- (iv) 本公司於2016年9月發行2019年到期的人民幣3,000,000,000元的公司債券(「5.3厘公司債券」)。5.3厘公司債券為期三年，按每年5.3厘計息。5.3厘公司債券為無抵押。於2018年9月，票面利率調整為每年7.7厘。
- (v) 本公司附屬公司於2018年8月發行2021年到期的人民幣1,000,000,000元的公司債券(「7.85厘公司債券一」)。7.85厘公司債券一為期三年，按每年7.85厘計息。7.85厘公司債券一為無抵押。於首年末，本集團的附屬公司有權調整公司債券的票面利率，而債券持有人有權向本集團回售債券。
- (vi) 本公司附屬公司於2018年9月發行2021年到期的人民幣1,200,000,000元的公司債券(「7.8厘公司債券」)。7.8厘公司債券為期三年，按每年7.8厘計息。7.8厘公司債券為無抵押。於首年末，本集團的附屬公司有權調整公司債券的票面利率，而債券持有人有權向本集團回售債券。
- (vii) 本公司附屬公司於2018年9月發行2021年到期的人民幣800,000,000元的公司債券(「7.85厘公司債券二」)。7.85厘公司債券二為期三年，按每年7.85厘計息。7.85厘公司債券二為無抵押。於第二年末，本集團的附屬公司有權調整公司債券的票面利率，而債券持有人有權向本集團回售債券。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

29. SENIOR NOTES

29. 優先票據

		2018			2017		
		Effective interest rate (%) 實際利率(%)	Maturity 到期日	RMB'000 人民幣千元	Effective interest rate (%) 實際利率(%)	Maturity 到期日	RMB'000 人民幣千元
Current	即期						
2018 Senior Notes — 6.9%	2018年優先票據 — 6.9%	7.03	2019	550,074			—
Non-current and repayable in the third to fifth years, inclusive	非即期及須於第3年至第5 年(包括首尾兩年) 償還						
2016 Senior Notes — 6%	2016年優先票據 — 6%	6.26	2023	1,702,082			—
2017 Senior Notes — 6%	2017年優先票據 — 6%	6.35	2022	2,385,385	6.35	2022	2,249,212
2018 Senior Notes — 6.375%	2018年優先票據 — 6.375%	6.76	2021	2,560,664			—
2018 Senior Notes I — 7.9%	2018年優先票據一 — 7.9%	8.29	2021	1,364,853			—
2018 Senior Notes II — 7.9%	2018年優先票據二 — 7.9%	7.96	2021	2,921,134			—
				10,934,118			2,249,212
Non-current and repayable beyond five years	非即期及須於5年後償還						
2016 Senior Notes — 6%	2016年優先票據 — 6%			—	6.26	2023	1,606,409
				11,484,192			3,855,621

Notes:

- (a) In October 2016, the Company issued the 2016 Senior Notes — 6% with an aggregate principal value of US\$250,000,000 (approximately RMB1,695,000,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$246,375,000 (approximately RMB1,670,000,000). The 2016 Senior Notes — 6% will mature on 25 October 2023.
- (b) In January 2017, the Company issued the 2017 Senior Notes — 6% with an aggregate principal value of US\$350,000,000 (approximately RMB2,410,271,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$343,700,000 (approximately RMB2,396,000,000). The 2017 Senior Notes — 6% will mature on 25 January 2022.
- (c) In February 2018, the Company issued 6.375% senior notes (the "2018 Senior Notes — 6.375%") with an aggregate principal value of US\$375,000,000 (approximately RMB2,360,072,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$371,132,000 (approximately RMB2,335,729,000). The 2018 Senior Notes — 6.375% will mature on 6 March 2021.

附註：

- (a) 於2016年10月，本公司發行本金總值250,000,000美元(約人民幣1,695,000,000元)的2016年優先票據—6%。經扣除發行費用後的所得款項淨額約為246,375,000美元(約人民幣1,670,000,000元)。2016年優先票據—6%將於2023年10月25日到期。
- (b) 於2017年1月，本公司發行本金總值350,000,000美元(約人民幣2,410,271,000元)的2017年優先票據—6%。經扣除發行費用後的所得款項淨額約為343,700,000美元(約人民幣2,396,000,000元)。2017年優先票據—6%將於2022年1月25日到期。
- (c) 於2018年2月，本公司發行本金總值375,000,000美元(約人民幣2,360,072,000元)的6.375%優先票據(「2018年優先票據—6.375%」)。經扣除發行費用後的所得款項淨額約為371,132,000美元(約人民幣2,335,729,000元)。2018年優先票據—6.375%將於2021年3月6日到期。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

29. SENIOR NOTES (Continued)

Notes: (Continued)

- (d) In May 2018, the Company issued 7.9% senior notes (the "2018 Senior Notes I — 7.9%") with an aggregate principal value of US\$200,000,000 (approximately RMB1,275,056,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$197,940,000 (approximately RMB1,261,923,000). The 2018 Senior Notes I — 7.9% will mature on 11 May 2021.
- (e) In July 2018, the Company issued 7.9% senior notes (the "2018 Senior Notes II — 7.9%") with an aggregate principal value of US\$425,000,000 (approximately RMB2,668,148,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$424,368,000 (approximately RMB2,664,183,000). The 2018 Senior Notes II — 7.9% will mature on 11 May 2021.
- (f) In August 2018, the Company issued two 6.9% senior notes (the "2018 Senior Notes — 6.9%") with an aggregate principal value of US\$80,000,000 (approximately RMB546,628,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$79,900,000 (approximately RMB545,945,000). The 2018 Senior Notes — 6.9% will mature on 6 August 2019 and 20 August 2019.
- (g) The Company, at its option, can redeem all or a portion of the senior notes at any time prior to the maturity date at the redemption prices (principal amount plus applicable premium) plus accrued and unpaid interest up to the redemption date, as set forth in the written agreements between the Company and the trustees of the senior notes.
- (h) The senior notes of the Group are denominated in United States dollars and are secured by pledges over the equity interests of certain subsidiaries of the Company.

29. 優先票據(續)

附註：(續)

- (d) 於2018年5月，本公司發行本金總值200,000,000美元(約人民幣1,275,056,000元)的7.9%優先票據(「2018年優先票據一—7.9%」)。經扣除發行費用後的所得款項淨額約為197,940,000美元(約人民幣1,261,923,000元)。2018年優先票據一—7.9%將於2021年5月11日到期。
- (e) 於2018年7月，本公司發行本金總值425,000,000美元(約人民幣2,668,148,000元)的7.9%優先票據(「2018年優先票據二—7.9%」)。經扣除發行費用後的所得款項淨額約為424,368,000美元(約人民幣2,664,183,000元)。2018年優先票據二—7.9%將於2021年5月11日到期。
- (f) 於2018年8月，本公司發行兩筆本金總值80,000,000美元(約人民幣546,628,000元)的6.9%優先票據(「2018年優先票據—6.9%」)。經扣除發行費用後的所得款項淨額約為79,900,000美元(約人民幣545,945,000元)。2018年優先票據—6.9%將於2019年8月6日及2019年8月20日到期。
- (g) 按本公司與優先票據受託人訂定的書面協議所載，本公司可在到期日前隨時以贖回價(即本金額加適用溢價)加截至贖回日期的應計而未付利息酌情贖回全部或部分優先票據。
- (h) 本集團的優先票據以美元計值及以本公司若干附屬公司的股權作抵押。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

30. PROVISION FOR LAND APPRECIATION TAX

30. 土地增值稅撥備

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
At 1 January	於1月1日	1,505,218	1,448,040
Charged to profit or loss during the year (note 10)	年內於損益扣除(附註10)	1,438,481	1,634,380
Payment during the year	年內付款	(981,109)	(1,577,202)
At 31 December	於12月31日	1,962,590	1,505,218

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities may disagree with the basis on which the provision for LAT is calculated.

根據自1994年1月1日起生效的《中華人民共和國土地增值稅暫行條例》及自1995年1月27日起生效的《中華人民共和國土地增值稅暫行條例實施細則》的規定，在中國大陸出售或轉讓國有土地使用權、樓宇及其附帶設施產生的所有收益，須按介乎增值價值的30%至60%的累進稅率繳納土地增值稅，若增值價值不超過全部可扣稅項目總和的20%，則普通標準住宅的銷售可豁免繳納土地增值稅。

本集團已根據相關中國稅務法例法規所載規定，估計、作出及在稅項內計入土地增值稅撥備。實際的土地增值稅負債須待物業開發項目竣工後，由稅務當局釐定，而稅務當局可能不同意本集團計算土地增值稅撥備的基準。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

31. DEFERRED TAX

Net deferred tax assets and liabilities recognised in the consolidated statement of financial position are as follows:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Deferred tax assets recognised in the consolidated statement of financial position	於綜合財務狀況表中確認的遞延稅項資產	742,157	526,074
Deferred tax liabilities recognised in the consolidated statement of financial position	於綜合財務狀況表中確認的遞延稅項負債	(1,910,360)	(1,025,453)
		(1,168,203)	(499,379)

The movements in deferred tax assets and liabilities during the year are as follows:

31. 遞延稅項

於綜合財務狀況表中確認的遞延稅項資產及負債淨額如下：

年內，遞延稅項資產及負債的變動如下：

Deferred tax assets**遞延稅項資產**

		Arising from provision for LAT 產生自土地增值 稅撥備 RMB'000 人民幣千元	Fair value adjustments arising from acquisition of subsidiaries 收購附屬公司產 生之公允價值調整 RMB'000 人民幣千元	Tax losses 稅項虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	於2017年1月1日	285,872	85,584	—	371,456
Deemed disposal of subsidiaries upon loss of control (note 38(b))	於失去控制權時被視為出售附屬公司(附註38(b))	(19,828)	—	—	(19,828)
Credited/(charged) to profit or loss during the year (note 10)	年內計入損益／(自損益扣除)(附註10)	210,260	(35,814)	—	174,446
At 31 December 2017 and 1 January 2018	於2017年12月31日及2018年1月1日	476,304	49,770	—	526,074
Credited/(charged) to profit or loss during the year (note 10)	年內計入損益／(自損益扣除)(附註10)	(29,839)	—	198,071	168,232
Acquisition of subsidiaries (note 37(b))	收購附屬公司(附註37(b))	—	47,851	—	47,851
At 31 December 2018	於2018年12月31日	446,465	97,621	198,071	742,157

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31. DEFERRED TAX (Continued)

Deferred tax liabilities

31. 遞延稅項 (續)

遞延稅項負債

		Arising from revaluation on investment properties 產生自投資物 業重估 RMB'000 人民幣千元	Fair value adjustments arising from acquisition of subsidiaries 收購附屬公司 產生之公允 價值調整 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	於2017年1月1日	847,370	34,722	882,092
Charged to profit or loss during the year (note 10)	年內自損益扣除 (附註10)	143,361	—	143,361
At 31 December 2017 and 1 January 2018	於2017年12月31日及 2018年1月1日	990,731	34,722	1,025,453
(Credited)/charged to profit or loss during the year (note 10)	年內(計入損益)/ 自損益扣除 (附註10)	41,458	(232,665)	(191,207)
Acquisition of subsidiaries (note 37(b))	收購附屬公司 (附註37(b))	—	1,077,131	1,077,131
Disposal of a subsidiary upon loss of control (note 38(a))	於失去控制權時 出售附屬公司 (附註38(a))	—	(1,017)	(1,017)
At 31 December 2018	於2018年12月31日	1,032,189	878,171	1,910,360

The Group had unutilised tax losses of approximately RMB2,052,966,000 as at 31 December 2018 (2017: RMB1,311,289,000) that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the tax entity in which the losses arose. Deferred tax assets have not been recognised in respect of certain of these losses of RMB1,260,680,000 (2017: RMB1,311,289,000) 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 these tax losses can be utilised.

本集團於2018年12月31日的未動用稅項虧損約為人民幣2,052,966,000元(2017年：人民幣1,311,289,000元)，該等稅項虧損可由虧損出現的年度起結轉五年，以抵銷出現虧損的稅項實體未來的應課稅利潤。由於虧損由蒙受虧損多時的附屬公司產生，且本集團認為不大可能有可利用稅項虧損抵銷的應課稅利潤，故並無就若干該等虧損人民幣1,260,680,000元(2017年：人民幣1,311,289,000元)確認遞延稅項資產。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

31. DEFERRED TAX (Continued)**Deferred tax liabilities (Continued)**

Pursuant to the New 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. 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 31 December 2018 and 2017, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will settle any dividends declared on such earnings in the foreseeable future. The aggregate amount of temporary differences associated with interests in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totaled approximately RMB24,284,705,000 as at 31 December 2018 (2017: RMB19,287,670,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

31. 遞延稅項(續)**遞延稅項負債(續)**

根據新企業所得稅法，在中國大陸成立的外資企業向外國投資者宣派的股息須繳納10%的預扣稅。該規定自2008年1月1日起生效，並對2007年12月31日後獲得的盈利適用。倘中國大陸與該等外國投資者所在司法權區有簽訂稅務條約，則可按較低稅率繳納預扣稅。因此，本集團須就該等在中國大陸成立的附屬公司自2008年1月1日起獲得的盈利宣派的股息繳納預扣稅。

於2018年及2017年12月31日，並無就本集團於中國大陸成立的附屬公司應付的未匯出盈利(須繳納預扣稅)所產生的預扣稅確認遞延稅項。董事認為，該等附屬公司於可見將來不大可能償付就有關盈利宣派的任何股息。於2018年12月31日，並未就與中國大陸附屬公司權益有關的暫時差額確認遞延稅項負債的總額合共約為人民幣24,284,705,000元(2017年：人民幣19,287,670,000元)。

本公司向其股東派付股息並未對所得稅構成影響。

32. SHARE CAPITAL
Shares**32. 股本**
股份

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Authorised: 100,000,000,000 ordinary shares of HK\$0.1 each	法定： 100,000,000,000股每股 面值港幣0.1元的 普通股	8,813,679	8,813,679
Issued and fully paid: 4,800,341,335 (2017: 4,185,020,959) ordinary shares of HK\$0.1 each	已發行及繳足： 4,800,341,335股(2017 年：4,185,020,959股) 每股面值港幣0.1元的 普通股	410,035	355,982

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

32. SHARE CAPITAL (Continued)

Shares (Continued)

A summary of movements in the Company's share capital and share premium account is as follows:

32. 股本(續)

股份(續)

本公司之股本及股份溢價賬變動概述如下：

		Number of shares in issue 已發行股份數目	Issued capital 已發行股本 RMB'000 人民幣千元	Share premium account 股份溢價賬 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	於2017年1月1日	3,815,999,999	324,472	388,122	712,594
Final 2016 dividend	2016年末期股息	—	—	(388,122)	(388,122)
Interim 2017 dividend	2017年中期股息	—	—	(280,829)	(280,829)
Issue of shares in connection with the exercise of share option (note (a))	就行使購股權發行股份(附註(a))	19,020,960	1,688	32,948	34,636
Issue of shares (note (b))	發行股份(附註(b))	350,000,000	29,822	1,292,083	1,321,905
At 31 December 2017 and 1 January 2018	於2017年12月31日及2018年1月1日	4,185,020,959	355,982	1,044,202	1,400,184
Issue of shares in connection with the exercise of share option (note (c))	就行使購股權發行股份(附註(c))	5,899,600	503	10,276	10,779
Issue of shares (note (d))	發行股份(附註(d))	460,489,606	40,463	1,561,873	1,602,336
Repurchase of shares (note (e))	購回股份(附註(e))	(4,000,000)	(351)	(9,568)	(9,919)
Final 2017 dividend	2017年末期股息	—	—	(780,314)	(780,314)
Issue of shares for scrip dividend (note (f))	就以股代息發行股份(附註(f))	152,931,170	13,438	348,313	361,751
Interim 2018 dividend	2018年中期股息	—	—	(403,551)	(403,551)
At 31 December 2018	於2018年12月31日	4,800,341,335	410,035	1,771,231	2,181,266

Notes:

附註：

(a) For the year ended 31 December 2017, the Company issued a total of 19,020,960 shares at an issue prices ranging from HK\$1.875 to HK\$1.93 per share pursuant to the exercise of options granted under the share option scheme of the Company, resulting in the issue of 19,020,960 shares of HK\$0.1 each for a total consideration, before expenses, of HK\$35,785,000. A total of RMB4,734,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

(a) 截至2017年12月31日止年度，本公司因本公司購股權計劃授出的購股權獲行使，以介乎每股港幣1.875元至港幣1.93元的發行價發行合共19,020,960股股份，致使以總代價(未扣除開支)港幣35,785,000元，發行19,020,960股每股面值港幣0.1元的股份。於行使購股權時，合共人民幣4,734,000元由購股權儲備轉移至股份溢價賬。

(b) In September 2017, an aggregate of 350,000,000 ordinary shares were issued at the placing price of HK\$4.53 per share for a cash consideration of HK\$1,586 million (RMB1,340 million) before share issue expenses of approximately HK\$21 million (RMB18 million).

(b) 於2017年9月，本公司按配售價每股股份港幣4.53元發行合共350,000,000股普通股，以換取現金代價港幣15.86億元(人民幣13.40億元)(未扣除股份發行開支約港幣0.21億元(人民幣0.18億元))。

Notes to Financial Statements (Continued)

財務報表附註(續)

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32. SHARE CAPITAL (Continued)**Shares (Continued)**

Notes: (Continued)

- (c) For the year ended 31 December 2018, the Company issued a total of 5,899,600 shares at an issue prices ranging from HK\$1.875 to HK\$1.93 per share pursuant to the exercise of options granted under the share option scheme of the Company, resulting in the issue of 5,899,600 shares of HK\$0.1 each for a total consideration, before expenses, of HK\$11,141,360. A total of RMB984,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.
- (d) In September 2018, an aggregate of 460,489,606 ordinary shares were issued at the placing price of HK\$3.96 per share for a cash consideration of HK\$1,824 million (RMB1,588 million) before share issue expenses of approximately HK\$1 million (RMB1 million).
- (e) Pursuant to section 37(3) of the Companies Law of the Cayman Islands, an amount equivalent to the fair value of the shares repurchased and cancelled of HK\$11,263,000 (equivalent to approximately RMB9,919,000) (2017: Nil) was transferred out from share capital and share premium.
- (f) During the year ended 31 December 2018, 152,931,170 ordinary shares of HK\$0.10 each in the Company were issued at HK\$2.692 per share as scrip dividend.

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.

33. SHARE OPTION SCHEME

The Company operates a share option scheme (the "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 and other employees of the Group. The Scheme became effective on 24 May 2010 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 Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. 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.

32. 股本(續)**股份(續)**

附註：(續)

- (c) 截至2018年12月31日止年度，本公司因本公司購股權計劃授出的購股權獲行使，以介乎每股港幣1.875元至港幣1.93元的發行價發行合共5,899,600股股份，致使以總代價(未扣除開支)港幣11,141,360元，發行5,899,600股每股面值港幣0.1元的股份。於行使購股權時，合共人民幣984,000元由購股權儲備轉移至股份溢價賬。
- (d) 於2018年9月，本公司按配售價每股股份港幣3.96元發行合共460,489,606股普通股，以換取現金代價港幣18.24億元(人民幣15.88億元)(未扣除股份發行開支約港幣0.01億元(人民幣0.01億元))。
- (e) 根據開曼群島公司法第37(3)條，相當於所購回及註銷股份公允值的金額港幣11,263,000元(相當於約人民幣9,919,000元)(2017年：無)自股本及股份溢價轉出。
- (f) 截至2018年12月31日止年度，本公司按每股港幣2.692元發行152,931,170股每股面值港幣0.10元的普通股以股代息。

購股權

本公司購股權計劃及根據計劃發行之購股權的詳情載於財務報表附註33。

33. 購股權計劃

本公司設有一項購股權計劃(「該計劃」)，旨在向為本集團業務之成功作出貢獻之合資格參與者提供獎勵及報酬。該計劃之合資格參與者包括本公司董事及本集團其他僱員。該計劃於2010年5月24日起生效，除非獲取消或修訂，否則將由該日起計十年內保持有效。

根據該計劃現時可授出的尚未行使購股權之最高數目為相等於獲行使時佔本公司於任何時間之已發行股份10%之數目。在任何12個月期間內授予該計劃之每位合資格參與者之購股權之可予發行股份最高數目，以本公司於任何時間之已發行股份1%為限。凡進一步授出超過此限額之購股權須在股東大會上獲股東批准。

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33. SHARE OPTION 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 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Hong Kong Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Hong Kong Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

33. 購股權計劃(續)

授予本公司董事、行政總裁或主要股東或彼等任何聯繫人之購股權須經獨立非執行董事事先批准。此外，於任何十二個月期間內，倘授予本公司主要股東或獨立非執行董事或彼等任何聯繫人之任何購股權超過本公司任何時候之已發行股份0.1%或根據於授出日期本公司股份價格計算之總值超過港幣5,000,000元，則須經股東於股東大會上事先批准。

授出購股權之要約可於要約日期起計二十八天內由承授人支付名義代價合共港幣1元後予以接納。所授出購股權之行使期乃由董事釐定，並於歸屬期後開始，及於不遲於購股權要約日期起計十年或該計劃屆滿日期完結(以較早者為準)。

購股權之行使價由董事釐定，惟不得低於以下之較高者：(i)本公司股份於購股權要約日期在香港聯交所之收市價；及(ii)本公司股份於緊接要約日期前五個交易日在香港聯交所之平均收市價。

購股權並不賦予持有人收取股息或於股東大會投票之權利。

以下為於年內該計劃項下尚未行使之購股權：

		2018		2017	
		Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
		加權平均行使價	購股權數目	加權平均行使價	購股權數目
		HK\$ per share		HK\$ per share	
		每股港幣元		每股港幣元	
At 1 January	於1月1日	2.150	84,662,880	1.871	78,493,840
Granted during the year	年內授出	5.880	36,860,000	2.812	25,190,000
Forfeited during the year	年內沒收	3.722	(18,696,000)	—	—
Exercised during the year	年內行使	1.888	(5,899,600)	1.881	(19,020,960)
At 31 December	於12月31日	3.278	96,927,280	2.150	84,662,880

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

33. SHARE OPTION SCHEME (Continued)

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

33. 購股權計劃(續)

於報告期間結束時尚未行使之購股權之行使價及行使期間如下：

Number of options 購股權數目		Exercise price HK\$ per share 行使價每股港幣元	Exercise period 行使期間
2018	2017		
175,680	199,680	1.875	01-01-2016 to 31-12-2022
516,800	588,800	1.930	01-01-2017 to 31-12-2023
344,000	4,812,000	1.892	21-01-2018 to 20-01-2025
11,282,400	12,654,000	1.875	01-01-2018 to 31-12-2022
1,618,200	2,083,200	1.930	01-01-2019 to 31-12-2023
5,234,000	6,872,000	1.812	28-01-2019 to 27-01-2026
12,636,000	12,654,000	1.875	01-01-2020 to 31-12-2022
3,055,500	3,609,000	1.892	21-01-2020 to 20-01-2025
7,188,000	9,076,000	2.620	27-01-2020 to 26-01-2027
1,000,000	1,000,000	4.550	22-07-2020 to 21-07-2027
1,618,200	2,083,200	1.930	01-01-2021 to 31-12-2023
3,925,500	5,154,000	1.812	28-01-2021 to 27-01-2026
3,055,500	3,609,000	1.892	21-01-2022 to 20-01-2025
5,391,000	6,807,000	2.620	27-01-2022 to 26-01-2027
750,000	750,000	4.550	22-07-2022 to 21-01-2027
3,925,500	5,154,000	1.812	28-01-2023 to 27-01-2026
5,391,000	6,807,000	2.620	27-01-2024 to 26-01-2027
750,000	750,000	4.550	22-07-2024 to 21-07-2027
11,628,000	—	5.880	26-01-2021 to 25-01-2028
8,721,000	—	5.880	26-01-2023 to 25-01-2028
8,721,000	—	5.880	26-01-2025 to 25-01-2028
96,927,280	84,662,880		

Notes:

- (a) The fair value of the share options granted during the year was HK\$35,805,000 (range from RMB0.730 to RMB0.831 each) (2017: HK\$12,688,000 (range from RMB0.385 to RMB0.751 each)), of which the Group recognised a share option expense of RMB7,652,000 (2017: RMB4,636,000) during the year ended 31 December 2018.

附註：

- (a) 年內授出的購股權公允值為港幣35,805,000元(介乎每份人民幣0.730元至人民幣0.831元)(2017年：港幣12,688,000元(介乎每份人民幣0.385元至人民幣0.751元))，就此，本集團於截至2018年12月31日止年度確認購股權開支人民幣7,652,000元(2017年：人民幣4,636,000元)。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

33. SHARE OPTION SCHEME (Continued)

Notes: (Continued)

(a) (Continued)

The fair value of equity-settled share options granted during the current year was estimated as at the date of grant, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

		2018	2017
Dividend yield (%)	股息率(%)	5.900	5.900
Expected volatility (%)	預期波幅(%)	30.000	32.000
Historical volatility (%)	歷史波幅(%)	30.000	32.000
Risk-free interest rate (%)	無風險利率(%)	1.982	1.431
Expected life of options (year)	購股權的估計年期(年)	10.000	10.000
Weighted average share price (HK\$)	加權平均股價(港幣元)	5.880	2.812

The expected life of the options is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility 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.

(b) At the end of the reporting period, the Company had 96,927,280 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 96,927,280 additional ordinary shares of the Company and additional share capital of appropriately RMB8,517,000 and share premium of RMB270,672,000 (before issue expenses).

Subsequent to the end of the reporting period, on 24 January 2019, a total of 45,270,000 share options were granted to certain directors of the Company and employees of the Group in respect of their services to the Group in the forthcoming year. 40%, 30% and 30% of the share options will be vested on 25 January 2021, 25 January 2023 and 25 January 2025, respectively. These share options have an exercise price of HK\$3.65 per share and an exercise period from 25 January 2022 to 24 January 2029. The price of the Company's shares at the date of grant was HK\$3.65 per share.

At the date of approval of these financial statements, the Company had 141,403,320 share options outstanding under the Scheme, which represented approximately 2.95% of the Company's shares in issue as at that date.

33. 購股權計劃(續)

附註：(續)

(a) (續)

於本年度授出的股本結算購股權的公允值乃於授出當日經考慮授出購股權的條款及條件予以估計。下表載列所採用模型的參數：

購股權的估計年期未必顯示可能出現的行使規律。預期波幅反映歷史波幅可顯示未來趨勢的假設，但亦未必為實際結果。

計量公允值時並無計及已授出購股權之其他特性。

(b) 於報告期間結束時，本公司於該計劃項下有96,927,280份購股權未獲行使。根據本公司現時資本架構，悉數行使尚未行使購股權將導致額外發行96,927,280股本公司普通股及產生額外股本約人民幣8,517,000元及股份溢價人民幣270,672,000元(未扣除發行開支)。

於報告期間結束後，於2019年1月24日，本集團就本公司若干董事及本集團僱員來年服務本集團向彼等授出合共45,270,000份購股權。該等購股權之40%、30%及30%將分別於2021年1月25日、2023年1月25日及2025年1月25日歸屬。該等購股權之行使價為每股股份港幣3.65元，行使期介乎2022年1月25日至2029年1月24日。本公司股份於授出日期之價格為每股港幣3.65元。

於該等財務報表獲批准之日，本公司有141,403,320份該計劃項下尚未行使購股權，相當於本公司當日已發行股份約2.95%。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

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.

(i) Statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Group's subsidiaries established in the PRC, and were approved by the respective boards of directors.

(ii) Capital reserve

Certain amount of gain or loss arising from the acquisition of non-controlling interests and disposal of the Group's subsidiaries without loss of control was recognised as capital reserve.

35. SENIOR PERPETUAL SECURITIES

On 29 September 2017, the Company issued senior perpetual securities with a principal amount of US\$300,000,000 (equivalent to approximately RMB1,911,986,000).

The securities confer the holders a right to receive distributions at the applicable distribution rate of 5.375% per annum from and including 29 March 2018, payable semi-annually on 29 March and 29 September of each year. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. Unless and until the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount, the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buy-back or acquire for any consideration any share capital thereof. The securities may be redeemed at the option of the Company, in whole but not in part.

In the opinion of the directors, the Company is able to control the delivery of cash or other financial assets to the holders of the senior perpetual securities due to redemption other than an unforeseen liquidation of the Company. Accordingly, the senior perpetual securities are classified as equity instruments of the Company.

34. 儲備

本集團於本年度及過往年度的儲備金額及其變動列載於綜合權益變動表。

(i) 法定盈餘儲備

自保留利潤轉撥至法定盈餘儲備乃根據中國相關規則和法規以及本集團在中國成立的附屬公司的組織章程細則作出，並經由各自的董事會批准。

(ii) 資本儲備

因收購非控股權益及出售本集團附屬公司(未喪失控制權)而產生的若干數額收益或虧損被確認為資本儲備。

35. 高級永續證券

於2017年9月29日，本公司發行高級永續證券，本金金額為300,000,000美元(相等於約人民幣1,911,986,000元)。

該等證券賦予持有人權利自2018年3月29日起(包括該日)以適用分派率每年5.375%收取分派，於各年3月29日及9月29日每半年派付。本公司酌情釐定可選擇根據證券條款延後分派。除非及直至本公司悉數償付分派的所有尚未償還欠款及任何額外分派金額，本公司不得就當中任何股本宣派或派付任何股息、分派或作出付款，並將促使不會就有關股本派付股息或作出其他付款，或為任何代價贖回、減少、註銷、購回或收購。該等證券可按本公司選擇全部或部分贖回。

董事認為，由於本公司有能力控制因贖回證券而非預料之外的清盤交付現金或其他金融資產予高級永續證券持有人。因此，高級永續證券分類作本公司權益工具。

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36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

36. 擁有重大非控股權益的非全資附屬公司

擁有重大非控股權益的本集團附屬公司詳情載列如下：

		2018	2017
Percentage of equity interest held by non-controlling interests:	由非控股權益持有的股權百分比：		
Xiamen Xiangzhou	廈門翔洲	49%	49%
		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Profit for the year allocated to non-controlling interests:	分配至非控股權益的年度利潤：		
Xiamen Xiangzhou	廈門翔洲	37,875	378,074
Accumulated balances of non-controlling interests at reporting dates:	由非控股權益於報告日期持有的累計餘額：		
Xiamen Xiangzhou	廈門翔洲	750,050	712,175

Notes to Financial Statements (Continued)

財務報表附註(續)

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36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

Xiamen Xiangzhou

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Revenue	收入	122,803	2,126,271
Total expenses	開支總額	(9,447)	(99,978)
Profit for the year	年內利潤	77,296	771,579
Total comprehensive income for the year	年度全面收益總額	77,296	771,579
Current assets	流動資產	2,820,111	3,671,071
Non-current assets	非流動資產	1,069,270	501
Current liabilities	流動負債	(2,002,195)	(2,211,682)
Non-current liabilities	非流動負債	(356,471)	(6,471)
Net cash flows (used in)/from operating activities	經營活動(所用)/所得現金流量淨額	(356,531)	1,055,408
Net cash flows used in investing activities	投資活動所用現金流量淨額	—	(83,275)
Net cash flows from/(used in) financing activities	融資活動所得/(所用)現金流量淨額	350,000	(930,000)
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額	(6,531)	42,133

36. 擁有重大非控股權益的非全資附屬公司(續)

下表列示上述附屬公司之財務資料概要。所披露金額為扣除任何集團內公司間的抵銷前的金額：

廈門翔洲

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37. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of subsidiaries that does not constitute business

(i) In the current year

In December 2017, the Group entered into an equity transfer agreement with an independent third party for the acquisition of the entire equity interests in Tangshan Zhuoyue Real Estate Development Co., Ltd ("Tangshan Zhuoyue") at an aggregate consideration of approximately RMB1,300 million. Up to the date of the acquisition, Tangshan Zhuoyue held properties held for sale which were pre-sold and undeveloped land parcels in Tangshan, Hebei Province, the PRC. The transaction is not accounted for as a business combination but an acquisition of an asset (undeveloped land). The acquisition was completed in January 2018 and Tangshan Zhuoyue has become a wholly-owned subsidiary of the Group. Consideration of RMB1,170 million was settled by cash during the year and the remaining balance of RMB130 million was included in other payable as at year end.

In March 2018, the Group entered into a capital injection agreement with an independent third party to inject RMB41.8 million to Xinxiang Jian Real Estate Development Co., Ltd ("Xinxiang Jian"). After the capital injection, the Group held 51% equity interest of Xinxiang Jian. According to the revised memorandum and article of association, the Group can exercise control over Xinxiang Jian. Up to the date of the acquisition, Xinxiang Jian has not carried on any significant business transactions except for holding land parcels in Xinxiang, Heinan Province, the PRC. Accordingly, the transaction is not accounted for as a business combination but an acquisition of an asset. The acquisition was completed in March 2018 and Xinxiang Jian has become a 51%-owned subsidiary of the Group. The consideration was fully settled during the year.

37. 收購附屬公司

(a) 並不構成業務的附屬公司收購

(i) 本年度

於2017年12月，本集團就收購唐山卓越房地產開發有限公司(「唐山卓越」)的全部股權與獨立第三方訂立股權轉讓協議，總代價約為人民幣13.00億元。直至收購日期，唐山卓越持有已預售的持作銷售用途的物業以及中國河北省唐山未開發的地塊。此項交易並無入賬列作業務合併，而是列作收購資產(未開發土地)。收購事項已於2018年1月完成，而唐山卓越成為本集團全資附屬公司。年內已付現金代價人民幣11.70億元，餘額人民幣1.3億元計入年末的其他應付款項。

於2018年3月，本集團與獨立第三方訂立注資協議，向新鄉捷安置業有限公司(「新鄉捷安」)注資人民幣41.8百萬元。注資後，本集團持有新鄉捷安51%的股權。根據經修訂組織章程大綱及細則，本集團可對新鄉捷安行使控制權。直至收購日期，新鄉捷安除持有中國河南省新鄉的地塊外，並無開展任何重大業務交易。因此，此項交易並無入賬列作業務合併，而是列作收購資產。收購事項已於2018年3月完成，而新鄉捷安成為本集團持股51%的附屬公司。代價已於年內結清。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

37. ACQUISITION OF SUBSIDIARIES**(Continued)****(a) Acquisition of subsidiaries that does not constitute business (Continued)****(i) In the current year (Continued)**

In March 2018, the Group entered into an equity transfer agreement with an independent third party for the acquisition of the entire equity interest in Anxi Jiaxin Real Estate Development Co., Ltd ("Anxi Jiaxin") at an aggregate consideration of RMB225 million. Up to the date of the acquisition, Anxi Jiaxin has not carried on any significant business transactions except for holding land parcels in Anxi, Fujian Province, the PRC. Accordingly, the transaction is not accounted for as a business combination but an acquisition of an asset. The acquisition was completed in March 2018 and Anxi Jiaxin has become a wholly-owned subsidiary of the Group. The consideration was fully settled during the year.

(ii) In the prior year

In December 2016, the Group entered into an equity transfer agreement with an independent third party for the acquisition of the entire equity interests in Kunshan Fuzhi Dingxin Equity Investment Enterprise ("Fuzhi") and Wuhan Lan Kong at an aggregate consideration of approximately RMB3,589 million. Up to the date of the acquisition, Fuzhi and Wuhan Lan Kong have not carried out any significant business transactions except for holding land parcels in Hubei Province, the PRC. Accordingly, the transaction is not accounted for as a business combination but an acquisition of an asset. The acquisition was completed in November 2017 and Fuzhi and Wuhan Lan Kong have become subsidiaries of the Group. The net outflow of cash and cash equivalents included in cash flows from investing activities amounted to RMB2,266 million, representing cash consideration paid of RMB2,267 million net of cash and cash equivalents acquired of RMB1 million. The remaining consideration payable of RMB1,122 million was included in other payables as at 31 December 2017.

37. 收購附屬公司(續)**(a) 並不構成業務的附屬公司收購(續)****(i) 本年度(續)**

於2018年3月，本集團就收購安溪嘉信置業有限公司(「安溪嘉信」)的全部股權與獨立第三方訂立股權轉讓協議，總代價為人民幣2.25億元。直至收購日期，安溪嘉信除持有中國福建省安溪的地塊外，並無開展任何重大業務交易。因此，此項交易並無入賬列作業務合併，而是列作收購資產。收購事項已於2018年3月完成，而安溪嘉信成為本集團全資附屬公司。代價已於年內結清。

(ii) 上一年度

於2016年12月，本集團就收購昆山富智鼎鑫股權投資企業(「富智」)及武漢藍空的全部股權與獨立第三方訂立股權轉讓協議，總代價約為人民幣35.89億元。直至收購日期，富智及武漢藍空除持有中國湖北省的地塊外，並無開展任何重大業務交易。因此，此項交易並無入賬列作業務合併，而是列作收購資產。收購事項已於2017年11月完成，而富智及武漢藍空成為本集團的附屬公司。投資活動所得現金流量包括的現金及現金等價物流出淨額為人民幣22.66億元，指已付現金代價人民幣22.67億元扣除所收購現金及現金等價物人民幣0.01億元。餘下應付代價人民幣11.22億元列入於2017年12月31日的其他應付款項。

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37. ACQUISITION OF SUBSIDIARIES

(Continued)

(a) Acquisition of subsidiaries that does not constitute business (Continued)

(ii) In the prior year (Continued)

In May 2017, the Group entered into an equity transfer agreement with an independent third party for the acquisition of the entire equity interest in Jiangsu Guangsheng at an aggregate consideration of RMB710 million. Up to the date of the acquisition, Jiangsu Guangsheng has not carried out any significant business transactions except for holding land parcels in Zhejiang Province, the PRC. Accordingly, the transaction is not accounted for as a business combination but an acquisition of an asset. The acquisition was completed in May 2017 and Jiangsu Guangsheng has become a subsidiary of the Company. The net outflow of cash and cash equivalents included in cash flows from investing activities amounted to RMB250 million, representing cash consideration paid of RMB270 million net of cash and cash equivalents acquired of RMB20 million.

(b) Business combinations

(i) In the current year

In January 2018, the Group acquired a 60.0% interest in Shanghai Zexiang. After the completion of the acquisition, Shanghai Zexiang become a wholly-owned subsidiary of the Group. Shanghai Zexiang is engaged in property development in Shanghai, the PRC. The purchase consideration for the acquisition was in the form of cash of RMB1,389 million which had been fully paid at the acquisition date.

In August 2018, the Group acquired the entire equity interest in Century East Group Limited ("Century East Group"), which holds certain project companies carrying on the operations of property development and property investment in the PRC. The purchase consideration for the acquisition was in the form of cash of RMB3,800 million of which RMB2,219 million was settled by cash during the year and the remaining balance of RMB1,581 million was included in other payables as at year end.

37. 收購附屬公司(續)

(a) 並不構成業務的附屬公司收購(續)

(ii) 上一年度(續)

於2017年5月，本集團就收購江蘇廣升的全部股權與獨立第三方訂立股權轉讓協議，總代價為人民幣7.10億元。直至收購日期，江蘇廣升除持有中國浙江省的地塊外，並無開展任何重大業務交易。因此，此項交易並無入賬列作業務合併，而是列作收購資產。收購事項已於2017年5月完成，而江蘇廣升成為本公司的附屬公司。投資活動所得現金流量包括的現金及現金等價物流出淨額為人民幣2.50億元，指已付現金代價人民幣2.70億元扣除所收購現金及現金等價物人民幣0.2億元。

(b) 業務合併

(i) 本年度

於2018年1月，本集團收購上海澤翔的60.0%權益。於收購事項完成後，上海澤翔成為本集團全資附屬公司。上海澤翔於中國上海從事物業開發。收購事項之購買代價已於收購日期以現金人民幣13.89億元悉數支付。

於2018年8月，本集團收購恒華集團有限公司(「恒華集團」)的全部股權，恒華集團持有於中國從事物業開發及物業投資業務的若干項目公司。收購事項之購買代價為現金人民幣38.00億元，其中人民幣22.19億元於年內以現金支付，餘額人民幣15.81億元計入年末的其他應付款項。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

37. ACQUISITION OF SUBSIDIARIES

(Continued)

(b) Business combinations (Continued)**(i) In the current year (Continued)**

In September 2018, the Group acquired a 50.4% interest in Hefei Zexiang. After the completion of the acquisition, Hefei Zexiang become a wholly-owned subsidiary of the Group. Hefei Zexiang is engaged in property development in Hefei, the PRC. The purchase consideration for the acquisition was in the form of cash of RMB305 million which had been fully paid at the acquisition date.

In November 2018, the Group acquired a 51.5% interest in Zhongwei Properties. After the completion of the acquisition, Zhongwei Properties become a wholly-owned subsidiary of the Group. Zhongwei Properties is engaged in property development in Zhejiang, the PRC. The purchase consideration for the acquisition was in the form of cash of RMB1,201 million which had been fully paid at the acquisition date.

During the current year, Hefei Xiangzhou, Nanjing Honghao, Nanjing Qianjing and Shanghai Chongming have revised their memorandum and articles of association. After the revision, the Group can exercise control over these entities so these entities became the non-wholly owned subsidiaries of the Group. These entities are engaged in property development in the PRC.

37. 收購附屬公司(續)**(b) 業務合併(續)****(i) 本年度(續)**

於2018年9月，本集團收購合肥澤翔的50.4%權益。於收購事項完成後，合肥澤翔成為本集團全資附屬公司。合肥澤翔於中國合肥從事物業開發。收購事項之購買代價已於收購日期以現金人民幣3.05億元悉數支付。

於2018年11月，本集團收購中維地產的51.5%權益。於收購事項完成後，中維地產成為本集團全資附屬公司。中維地產於中國浙江從事物業開發。收購事項之購買代價已於收購日期以現金人民幣12.01億元悉數支付。

本年度，合肥翔洲、南京弘灝、南京乾景及上海崇明已修訂彼等的組織章程大綱及細則。修訂後，本集團可對該等實體行使控制權，因此該等實體成為本集團非全資附屬公司。該等實體於中國從事物業開發。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

37. ACQUISITION OF SUBSIDIARIES

(Continued)

(b) Business combinations (Continued)

(i) In the current year (Continued)

The fair values of the identifiable assets and liabilities of these entities as at the date of acquisition were as follows:

37. 收購附屬公司(續)

(b) 業務合併(續)

(i) 本年度(續)

該等實體於收購日期可識別資產及負債之公允值如下：

		Fair value recognised on acquisition					
		就收購事項確認之公允值					
			Shanghai Zexiang 上海澤翔	Century East Group 恒華集團	Zhongwei Properties 中維地產	Others 其他	Total 總計
		Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Property, plant and equipment	物業、廠房及設備	13	1,012	973	555	774	3,314
Investment properties	投資物業	14	—	—	—	194,000	194,000
Investment in an associate	於聯營公司的投資		—	2,227,500	—	—	2,227,500
Deferred tax assets	遞延稅項資產	31	—	—	—	47,851	47,851
Land held for property development for sale	持作物業開發銷售用途的土地	18	—	1,398,000	—	1,034,027	2,432,027
Properties under development	在建物業		3,293,233	—	734,807	2,243,973	6,272,013
Properties held for sale	持作銷售用途的物業		—	3,310,500	5,239,393	7,743,250	16,293,143
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產		5,520,693	761,698	3,812,671	3,018,811	13,113,873
Cash and cash equivalents	現金及現金等價物		374,605	137,156	250,232	1,317,526	2,079,519
Trade payables	貿易應付款項		(122,469)	(465,140)	(951,009)	(982,104)	(2,520,722)
Other payables and accruals	其他應付款項及應計費用		(2,577,062)	(884,948)	(27,492)	(3,714,623)	(7,204,125)
Contract liabilities	合約負債		(1,568,020)	(625,392)	(5,960,652)	(6,736,306)	(14,890,370)
Corporate income tax payables	應付企業所得稅		(18,284)	(280,594)	(408,156)	(81,002)	(788,036)
Interest-bearing bank and other borrowings	計息銀行及其他借貸		(2,400,000)	(1,801,000)	(848,000)	(1,719,860)	(6,768,860)
Deferred tax liabilities	遞延稅項負債	31	(91,631)	(639,802)	—	(345,698)	(1,077,131)
Total identifiable net assets at fair value	以公允值列賬之可識別資產淨值總額		2,412,077	3,138,951	1,842,349	2,020,619	9,413,996
Non-controlling interests	非控股權益		—	—	—	(633,644)	(633,644)
Gain on bargain purchase, net of loss on remeasurement of a pre-existing interest in a joint venture	議價收購收益，扣除重新計量於合營公司已有權益之虧損		(58,246)	—	—	—	(58,246)
Goodwill	商譽		—	661,049	252,391	219,630	1,133,070
			2,353,831	3,800,000	2,094,740	1,606,605	9,855,176

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

37. ACQUISITION OF SUBSIDIARIES

(Continued)

(b) Business combinations (Continued)

(i) In the current year (Continued)

		Shanghai Zexiang 上海澤翔 RMB'000 人民幣千元	Century East Group 恒華集團 RMB'000 人民幣千元	Zhongwei Properties 中維地產 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Satisfied by:	以下列方式支付：					
Cash	現金	1,389,000	2,218,660	1,201,201	305,000	5,113,861
Consideration payable included in other payables	計入其他應付款項的 應付代價	—	1,581,340	—	—	1,581,340
Reclassification from a pre-existing interest in joint venture or associate to an investment in a subsidiary	自於合營公司或 聯營公司已有權益 重新分類至於附屬 公司的投資	964,831	—	893,539	1,301,605	3,159,975
		<u>2,353,831</u>	<u>3,800,000</u>	<u>2,094,740</u>	<u>1,606,605</u>	<u>9,855,176</u>

The fair values of the other receivables as at the date of acquisition amounted to RMB5,245,549,000. The gross contractual amounts of other receivables were RMB5,245,549,000 of which nil is expected to be uncollectible.

其他應收款項於收購日期的公允價值為人民幣5,245,549,000元。其他應收款項總合約金額為人民幣5,245,549,000元，預期當中並無不可收回的金額。

37. 收購附屬公司(續)

(b) 業務合併(續)

(i) 本年度(續)

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

37. ACQUISITION OF SUBSIDIARIES

(Continued)

(b) Business combinations (Continued)

(i) In the current year (Continued)

An analysis of the cash flows in respect of the acquisitions of these entities are as follows:

		Shanghai Zexiang 上海澤翔 RMB'000 人民幣千元	Century East Group 恒華集團 RMB'000 人民幣千元	Zhongwei Properties 中維地產 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cash consideration	現金代價	(1,389,000)	(2,218,660)	(1,201,201)	(305,000)	(5,113,861)
Cash and cash equivalents acquired	所收購現金及現金等 價物	374,605	137,156	250,232	1,317,526	2,079,519
Net inflow/(outflow) of cash and cash equivalents included in cash flows from investing activities	計入投資活動所產生 現金流量之現金 及現金等價物流 入/(流出)淨額	(1,014,395)	(2,081,504)	(950,969)	1,012,526	(3,034,342)

Since the acquisitions, the revenue and profit contributed by these entities to the consolidated profit for the year ended 31 December 2018 were RMB12,521 million and RMB1,622 million, respectively.

Had the combination taken place at the beginning of the year, there would have been no significant impact to the revenue and the profit of the Group for the year.

37. 收購附屬公司(續)

(b) 業務合併(續)

(i) 本年度(續)

收購該等實體的現金流量分析如下：

自收購以來，於截至2018年12月31日止年度，該等實體向綜合利潤貢獻的收入及利潤分別為人民幣125.21億元及人民幣16.22億元。

假若有關合併於年初發生，也不會對本年度本集團收入及利潤有重大影響。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

37. ACQUISITION OF SUBSIDIARIES

(Continued)

(b) Business combinations (Continued)**(ii) In the prior year**

In June 2017, the Group acquired a 51% interest in Huizhou Santian Industrial Development Co., Ltd. ("Huizhou Santian"). After the completion of the acquisition, Huizhou Santian became a non-wholly owned subsidiary of the Group. Huizhou Santian is engaged in property development in Huizhou, the PRC. The acquisition was made as part of the Group's strategy to expand market share of property development in Huizhou. The purchase consideration for the acquisition was in the form of cash of RMB233 million which had been fully paid at the acquisition date.

In November 2017, the Group acquired a 50.4% interest in Hefei Yifeng Real Estate Development Co., Ltd. ("Hefei Yifeng"). After the completion of the acquisition, Hefei Yifeng become a wholly-owned subsidiary of the Group. Hefei Yifeng is engaged in property development in Hefei, the PRC. The purchase consideration for the acquisition was in the form of cash of RMB151 million which had been fully paid at the acquisition date.

37. 收購附屬公司(續)**(b) 業務合併(續)****(ii) 上一年度**

於2017年6月，本集團收購惠州市三田實業發展有限公司(「惠州市三田」)的51%權益。於收購事項完成後，惠州市三田成為本集團之非全資附屬公司。惠州市三田於中國惠州從事物業開發。收購事項為本集團擴大於惠州物業開發市場的市場份額之策略的一部分。收購事項之購買代價已於收購日期以現金人民幣2.33億元悉數支付。

於2017年11月，本集團收購合肥溢豐房地產開發有限公司(「合肥溢豐」)的50.4%權益。於收購事項完成後，合肥溢豐成為本集團全資附屬公司。合肥溢豐於中國合肥從事物業開發。收購事項之購買代價已於收購日期以現金人民幣1.51億元悉數支付。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

37. ACQUISITION OF SUBSIDIARIES

(Continued)

(b) Business combinations (Continued)

(ii) In the prior year (Continued)

The fair values of the identifiable assets and liabilities of Huizhou Santian and Hefei Yifeng as at the date of acquisition were as follows:

37. 收購附屬公司(續)

(b) 業務合併(續)

(ii) 上一年度(續)

惠州市三田及合肥溢豐於收購日期可識別資產及負債之公允值如下：

		Fair value recognised on acquisition 就收購事項確認之公允值			
		Huizhou			
		Santian	Hefei Yifeng	Total	
		惠州市三田	合肥溢豐	總計	
		Notes	RMB'000	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元	人民幣千元
Property, plant and equipment	物業、廠房及設備	13	318	—	318
Land held for property development for sale	持作物業開發銷售用途的土地	18	—	1,945,572	1,945,572
Properties held for sale	持作銷售用途的物業		408,596	—	408,596
Prepayments, deposit and other receivables	預付款、按金及其他應收款項		595,001	64,186	659,187
Cash and bank balances	現金及銀行結餘		229,075	1,691	230,766
Trade payables	貿易應付款項		(16,132)	(919)	(17,051)
Other payables and accruals	其他應付款項及應計費用		(694,505)	(1,711,056)	(2,405,561)
Receipts in advance	預收款項		(78,669)	—	(78,669)
Total identifiable net assets at fair value	以公允值列賬之可識別資產淨值總額		443,684	299,474	743,158
Non-controlling interests	非控股權益		(210,927)	—	(210,927)
			<u>232,757</u>	<u>299,474</u>	<u>532,231</u>
Satisfied by:	以下列方式支付：				
Cash	現金		232,757	151,230	383,987
Reclassification from a pre-existing interest in joint venture to an investment in a subsidiary	自於合營公司已有權益重新分類至於附屬公司的投資		—	148,244	148,244
			<u>232,757</u>	<u>299,474</u>	<u>532,231</u>

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

37. ACQUISITION OF SUBSIDIARIES

(Continued)

(b) Business combinations (Continued)

(ii) In the prior year (Continued)

An analysis of the cash flows in respect of the acquisitions of Huizhou Santian and Hefei Yifeng is as follows:

37. 收購附屬公司(續)

(b) 業務合併(續)

(ii) 上一年度(續)

收購惠州市三田及合肥溢豐的現金流量分析如下：

		Huizhou Santian 惠州市三田 RMB'000 人民幣千元	Hefei Yifeng 合肥溢豐 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cash consideration	現金代價	(232,757)	(151,230)	(383,987)
Cash and cash equivalents acquired	所收購現金及現金 等價物	229,075	1,691	230,766
Net outflow of cash and cash equivalents included in cash flows from investing activities	計入投資活動所產 生現金流量之現 金及現金等價物 流出淨額	(3,682)	(149,539)	(153,221)

Since the acquisitions, Huizhou Santian and Hefei Yifeng had no significant contribution to the revenue and profit of the Group for the year ended 31 December 2017.

自收購以來，於截至2017年12月31日止年度，惠州市三田及合肥溢豐向本集團收入及利潤概無重大貢獻。

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38. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries in the current year

38. 出售附屬公司

(a) 本年度出售附屬公司

		Note 附註	2018 RMB'000 人民幣千元
Net assets deconsolidated:	取消綜合之資產淨值：		
Property, plant and equipment	物業、廠房及設備	13	1,162
Investments in joint ventures	於合營公司的投資		1,425,454
Properties under development	在建物業		3,355,000
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產		45,986
Cash and cash equivalents	現金及現金等價物		41,618
Trade payables	貿易應付款項		(81,844)
Other payables and accruals	其他應付款項及應計費用		(3,010,771)
Interest-bearing bank borrowings	計息銀行借款		(1,500,000)
Deferred tax liabilities	遞延稅項負債	31	(1,017)
			275,588
Reclassification to investments in an associate	重新分類至於聯營公司的投資		(74,088)
			201,500
Satisfied by:	支付方式：		
Cash	現金		201,500

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

有關出售附屬公司之現金及現金等價物流入淨額之分析如下：

		2018 RMB'000 人民幣千元
Cash and cash equivalents deconsolidated	取消綜合之現金及現金等價物	(41,618)
Cash consideration received	已收現金代價	201,500
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	有關出售附屬公司之現金及現金等價物流入淨額	159,882

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

38. DISPOSAL OF SUBSIDIARIES (continued)
(b) Deemed disposal of subsidiaries in the prior year
38. 出售附屬公司(續)
(b) 被視為於上一年度出售附屬公司

		Notes 附註	2017 RMB'000 人民幣千元
Net assets deconsolidated:	取消綜合之資產淨值：		
Property, plant and equipment	物業、廠房及設備	13	573,248
Investment properties	投資物業	14	60,100
Deferred tax assets	遞延稅項資產	31	19,828
Properties under development	在建物業		3,412,123
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產		5,774,040
Cash and cash equivalents	現金及現金等價物		348,170
Trade payables	貿易應付款項		(305,096)
Other payables and accruals	其他應付款項及應計費用		(2,797,222)
Receipts in advance	預收款項		(1,926,555)
Interest-bearing bank borrowings	計息銀行借款		(3,609,900)
			1,548,736
Loss on disposal of subsidiaries	出售附屬公司虧損	7	(17,479)
Reclassification to investments in joint ventures	重新分類至於合營公司的投資		(1,072,097)
			459,160
Satisfied by:	支付方式：		
Cash	現金		459,160

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

有關出售附屬公司之現金及現金等價物流入淨額之分析如下：

		2017 RMB'000 人民幣千元
Cash and cash equivalents deconsolidated	取消綜合之現金及現金等價物	(348,170)
Cash consideration received	已收現金代價	459,160
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries upon loss of control	有關於失去控制權時出售附屬公司之現金及現金等價物流入淨額	110,990

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39. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

39. 融資活動產生的負債變動

		Dividend payable	Interest-bearing bank and other borrowings	Senior notes	Corporate bonds	Amounts due to non-controlling shareholders
		應付股息 RMB'000 人民幣千元	計息銀行及其他借貸 RMB'000 人民幣千元	優先票據 RMB'000 人民幣千元	公司債券 RMB'000 人民幣千元	應付非控股股東款項 RMB'000 人民幣千元
At 1 January 2017	於2017年1月1日	418,000	10,281,407	5,505,386	10,000,000	—
Changes from financing cash flows	融資現金流量變動	(1,440,651)	7,244,520	(1,521,313)	—	211,902
Final 2016 dividend	2016年末期股息	741,822	—	—	—	—
Interim 2017 dividend	2017年中期股息	280,829	—	—	—	—
Increase arising from acquisition of a subsidiary	收購附屬公司增加	—	—	—	—	257,326
Decrease arising from deemed disposal of subsidiaries upon loss of control (note 38(b))	於失去控制權時被視為出售附屬公司的跌幅 (附註38(b))	—	(3,609,900)	—	—	—
Foreign exchange movement	外匯變動	—	(204,162)	(128,452)	—	—
At 31 December 2017 and 1 January 2018	於2017年12月31日及2018年1月1日	—	13,711,865	3,855,621	10,000,000	469,228
Changes from financing cash flows	融資現金流量變動	(567,421)	1,227,150	6,807,780	1,000,000	37,682
Final 2017 dividend	2017年末期股息	780,314	—	—	—	—
Interim 2018 dividend	2018年中期股息	403,551	—	—	—	—
Issue of shares for scrip dividend	就以股代息發行股份	(361,751)	—	—	—	—
Asset-backed securities arrangement	資產支持證券安排	—	598,243	—	—	—
Changes from operating cash flows	經營現金流量變動	—	—	—	—	898,987
Increase arising from acquisition of subsidiaries (note 37(b))	收購附屬公司增加 (附註37(b))	—	6,768,860	—	—	—
Decrease arising from disposal of a subsidiary (note 38(a))	出售附屬公司的跌幅 (附註38(a))	—	(1,500,000)	—	—	—
Foreign exchange movement	外匯變動	—	341,545	820,791	—	—
At 31 December 2018	於2018年12月31日	254,693	21,147,663	11,484,192	11,000,000	1,405,897

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

40. FINANCIAL GUARANTEES

The Group had the following financial guarantees as at the end of the reporting period:

40. 財務擔保

本集團於報告期間結束時的財務擔保如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Note 附註			
Guarantees in respect of the mortgage facilities provided to certain purchasers of the Group's properties	就本集團物業的若干買家提供按揭貸款而作出的擔保	(a) 9,778,086	12,501,283
Guarantees given to banks and other lenders in connection with facilities granted to joint ventures	就合營企業獲授的融資向銀行及其他貸款人提供的擔保	(b) 6,126,800	5,299,680
Guarantees given to banks and other lenders in connection with facilities granted to associates	就聯營公司獲授的融資向銀行及其他貸款人提供的擔保	(b) 2,664,515	350,000
		<u>18,569,401</u>	<u>18,150,963</u>

Note:

- (a) As at 31 December 2018, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction proceeds as described below.

Pursuant to 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 is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties. In addition, according to the relevant agreements signed by certain subsidiaries of the Group with the banks, property purchasers of the Group can arrange mortgage with these banks and the subsidiaries are required to place at designated bank accounts certain amounts as deposits for potential default of mortgage loans advanced to property purchasers. Such guarantee deposits will be released after the property ownership certificates of the relevant properties have been passed to the bank. At 31 December 2018, such deposits amounted to RMB307,428,000 (2017: RMB392,609,000) (note 22(c)(iii)).

附註：

- (a) 於2018年12月31日，本集團就若干銀行授出的有關為本集團物業的若干買家安排的按揭貸款的按揭融資提供擔保。根據擔保條款，倘該等買家於擔保屆滿前未能償還按揭款項，則本集團負責償還違約買家欠付銀行的未償還按揭本金連同應計利息及罰款，扣除任何下文所述的拍賣所得款項。

根據以上安排，有關物業已作為按揭貸款的抵押品而抵押予銀行，倘該等買家未能償還按揭款項，則銀行有權接收法定業權，並將透過公開拍賣變現抵押物業。當物業拍賣所得款項無法彌補未償還的按揭本金連同應計利息及罰款時，則本集團須負責向銀行還款。此外，根據本集團若干附屬公司與銀行簽署的相關協議，本集團的物業買家可安排向該等銀行按揭，該等附屬公司須將若干數額的款項存入指定銀行賬戶，作為潛在物業買家拖欠支付銀行按揭貸款的按金。該等擔保按金將於有關物業的房產證交予銀行後方可解除。於2018年12月31日，該等按金為人民幣307,428,000元(2017年：人民幣392,609,000元)(附註22(c)(iii))。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

40. FINANCIAL GUARANTEES (continued)

Note: (continued)

- (a) (continued)
The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate 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 directors of the Company consider that the fair value of the guarantees at initial recognition and the ECL allowance are not significant, and in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties.

- (b) In the opinion of the directors, the fair value of the guarantees at initial recognition and the ECL allowance are not insignificant.
- (c) As at 31 December 2018, the guarantees given by the Group to certain banks in respect of construction cost in favour of certain contractors of the Group amounted to RMB74,151,000 (2017: Nil).

41. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank and other loans and senior notes are included in notes 27 and 29 to the financial statements, respectively.

42. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 14) under operating lease arrangements, with leases negotiated for terms ranging from one to fifteen years. The terms of the leases generally also require the tenants to pay security deposits and to provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

40. 財務擔保(續)

附註：(續)

- (a) (續)
本集團之擔保期由授出相關按揭貸款之日期起至向買家發出房產證為止，一般而言為買家收樓後之一至兩年內。

本公司董事認為該等擔保的首次確認及預期信貸損失撥備的公允值並不重大，倘買家未能支付款項，相關物業的可變現淨值足以抵銷償還所欠按揭本金連同累計利息及罰款。

- (b) 董事認為，該等擔保的首次確認及預期信貸損失撥備的公允值並不重大。
- (c) 於2018年12月31日，本集團就本集團若干承包商之建築成本向若干銀行提供的擔保為人民幣74,151,000元(2017年：零)。

41. 資產抵押

以本集團資產抵押的本集團銀行及其他貸款及優先票據詳情分別載於財務報表附註27及29。

42. 經營租賃安排

(a) 作為出租人

本集團根據經營租賃安排出租其投資物業(附註14)，租期議定為介乎1至15年不等。該等租賃的條款一般亦要求承租人支付保證金並根據當時的市場狀況定期調整租金。

於報告期間結束時，本集團根據與承租人訂立於下列租期內到期的不可撤銷經營租賃而應收的未來最少租金總額如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Within one year	1年內	208,182	206,147
In the second to fifth years, inclusive	2至5年內(包括首尾兩年)	1,441,112	532,821
After five years	5年後	263,728	346,903
		<u>1,913,022</u>	<u>1,085,871</u>

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

42. OPERATING LEASE ARRANGEMENTS

(continued)

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases are negotiated for terms ranging from one to three years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Within one year	1年內	3,224	3,331
In the second to fifth years, inclusive	2至5年內(包括首尾兩年)	—	1,727
		<u>3,224</u>	<u>5,058</u>

42. 經營租賃安排(續)**(b) 作為承租人**

本集團根據經營租賃安排租用若干辦公室物業。租期議定為介乎1至3年不等。

於報告期間結束時，本集團根據於下列租期內到期的不可撤銷經營租賃而應付的未來最少租金總額如下：

43. CAPITAL AND OTHER COMMITMENTS

In addition to the operating lease commitments detailed in note 42(b) above, the Group had the following capital and other commitments as at the end of the reporting period:

43. 資本及其他承擔

除詳載於上文附註42(b)的經營租賃承擔外，本集團於報告期間結束時的資本及其他承擔如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Contracted, but not provided for:	已訂約但未撥備：		
Investment properties under construction and properties under development	在建投資物業及在建物業	5,555,282	3,992,766
Acquisition of a project company	收購項目公司	<u>106,309</u>	<u>148,849</u>
		<u>5,661,591</u>	<u>4,141,615</u>

Notes to Financial Statements (Continued)
財務報表附註(續)

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43. CAPITAL AND OTHER COMMITMENTS (continued)

In addition, the Group's share of joint ventures' own capital commitments, which are not included in the above, is as follows:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Contracted, but not provided for	已訂約但未撥備	3,559,109	4,499,809

44. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

		Notes 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Service fees paid to Xiamen Zongheng Group Company Limited	支付予廈門縱橫集團股份有限公司的服務費	(i)	39,507	46,241
Service fees paid to Yuzhou Financial Holdings Limited	支付予禹洲金融控股(香港)有限公司的服務費	(ii)	4,129	—
Consideration for acquisition of subsidiaries paid by Haixia Investment Management Limited	海峽匯富股權投資管理有限公司就收購附屬公司支付的代價	(iii)	400,000	—
Cooperation deposits received from Shanghai Gangzhou Cultural And Creative Development Company Limited	收取來自上海港洲文化創意有限公司的合作按金	(iv)	200,000	—

(i) The service fees were incurred for the design, installation and testing of house entrance intelligence systems provided by Xiamen Zongheng Group Company Limited in relation to properties held for sale, at rates similar to the terms and conditions set out in the contracts entered into with the other major suppliers of the Group. Xiamen Zongheng Group Company Limited is a company controlled by Mr. Lam Lung On and Ms. Kwok Ying Lan.

43. 資本及其他承擔(續)

此外，本集團應佔合營公司擁有的資本承擔(並未包括於上文)載列如下：

44. 關連方交易

(a) 除在該等財務報表其他部分詳細載列的交易及結餘外，年內本集團與關連方的交易如下：

(i) 該服務費為廈門縱橫集團股份有限公司就持作銷售用途的物業提供智能門禁系統的設計、安裝及測試費用，費用標準與本集團其他主要供應商簽訂的合約中所載條款及條件相近。廈門縱橫集團股份有限公司為由林龍安先生及郭英蘭女士控制的一間公司。

Notes to Financial Statements (Continued)

財務報表附註(續)

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44. RELATED PARTY TRANSACTIONS

(continued)

(a) (Continued)

- (ii) The service fees were incurred for the issue of senior notes of the Group during the year. Yuzhou Financial Holdings Limited is a company controlled by Ms. Kwok Ying Lan.
- (iii) Consideration for acquisition of certain subsidiaries was paid by Haixia Investment Management Limited on behalf of the Group. Haixia Investment Management Limited is a company controlled by Ms. Kwok Ying Lan.
- (iv) Cooperation deposits were received from Shanghai Gangzhou Cultural And Creative Development Company Limited for proposed joint cooperation in the PRC. Shanghai Gangzhou Cultural And Creative Development Company Limited is a company controlled by Mr. Lin Conghui and mother of Ms. Kwok Ying Lan.

(b) Compensation of key management personnel of the Group

In the opinion of the Company's directors, the directors and the chief executive officer of the Company represented the key management personnel of the Group and details of the compensation of the key management personnel are set out in note 8 to the financial statements.

- (c) Certain of the bank and other borrowings of the Group's joint ventures and associates are secured by pledges over the Group's equity interests in the joint ventures and associates with an aggregate carrying amount at the end of the reporting period of RMB169,574,000 and RMB148,150,000, respectively (2017: RMB2,492,738,000 and RMB16,535,000, respectively).
- (d) As at 31 December 2018, the Group provided guarantees to bank and other lenders in connection with facilities granted to joint ventures and associates, which amounted to RMB6,126,800,000 (2017: RMB5,299,680,000) and RMB2,664,520,000 (2017: RMB350,000,000), respectively.

45. FINANCIAL INSTRUMENTS BY CATEGORY

Other than derivative financial instruments as disclosed in note 26 to the financial statements, all financial assets and financial liabilities of the Group as at 31 December 2018 and 2017 were financial assets at amortised cost/loans and receivables and financial liabilities at amortised cost, respectively.

44. 關連方交易(續)

(a) (續)

- (ii) 該服務費為本集團於年內發行優先票據的費用。禹洲金融控股(香港)有限公司為一間由郭英蘭女士控制的公司。
- (iii) 海峽匯富股權投資管理有限公司就收購若干附屬公司代本集團支付的代價。海峽匯富股權投資管理有限公司為一間由郭英蘭女士控制的公司。
- (iv) 就擬在中國合作經營而收取來自上海港洲文化創意有限公司的合作按金。上海港洲文化創意有限公司為一間由林聰輝先生及郭英蘭女士的母親控制的公司。

(b) 本集團主要管理層人員的薪酬

本公司董事認為，本公司董事及行政總裁指本集團的主要管理層人員，主要管理層人員的薪酬詳情載於財務報表附註8。

- (c) 本集團合營公司及聯營公司的若干銀行及其他借貸以本集團於合營公司及聯營公司的股權(於報告期末的賬面總值分別為人民幣169,574,000元及人民幣148,150,000元(2017年：人民幣2,492,738,000元及人民幣16,535,000元))作抵押。
- (d) 於2018年12月31日，本集團就合營公司及聯營公司獲授的融資向銀行及其他貸款人提供的擔保金額分別為人民幣6,126,800,000元(2017年：人民幣5,299,680,000元)及人民幣2,664,520,000元(2017年：人民幣350,000,000元)。

45. 按類別劃分的金融工具

除財務報表附註26所披露的衍生金融工具外，於2018年及2017年12月31日，本集團的所有金融資產及金融負債分別為按攤銷成本入賬的金融資產／貸款與應收款項及按攤銷成本入賬的金融負債。

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46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments as at 31 December 2018 and 2017 approximated to their fair values.

Management has assessed that the fair values of other receivables and other assets, derivative financial instruments, restricted cash, cash and cash equivalents, trade payables, other payables and accruals and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group uses fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly for determining and disclosing the fair value of financial instruments. As at 31 December 2018 and 31 December 2017, the Group's financial instruments which comprise derivative financial instruments were measured at fair value and determined as level 2 financial instruments.

The Group did not have any financial assets measured at fair value other than derivative financial instruments as at 31 December 2018 and 31 December 2017.

The Group did not have any financial liabilities measured at fair value other than derivative financial instruments as at 31 December 2018 and 31 December 2017.

For the Group's assets and liabilities not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed, the carrying amounts of the non-current portion of interest-bearing bank and other borrowings and corporate bonds approximated to their fair values and were determined as Level 3, and the fair value of the senior notes and corporate bonds were RMB11,223,744,000 and RMB11,156,930,000, respectively (2017: RMB4,045,622,000 and RMB10,028,050,000, respectively) and were determined as Level 1.

The fair values of the non-current portion of 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 fair value of the senior notes and corporate bonds is calculated with reference to price quotations from financial institutions at the reporting date. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2018 was assessed to be insignificant.

46. 金融工具的公允值及公允值層級

於2018年及2017年12月31日，本集團金融工具的賬面值與其公允值相若。

管理層評定其他應收款項及其他資產、衍生金融工具、受限制現金、現金及現金等價物、貿易應付款項、其他應付款項及應計費用、計息銀行及其他借貸的公允值與彼等的賬面值相若，主因該等工具期限較短。

本集團釐定及披露金融工具的公允值時，乃使用基於對所記錄公允值有重大影響之任何輸入數據均可直接或間接被觀察之估值方法計算之公允值。於2018年12月31日及2017年12月31日，本集團金融工具（包括衍生金融工具）乃按公允值計量，並獲釐定為第2級金融工具。

除衍生金融工具外，本集團於2018年12月31日及2017年12月31日並無任何按公允值計量的金融資產。

除衍生金融工具外，本集團於2018年12月31日及2017年12月31日並無任何按公允值計量的金融負債。

就本集團於綜合財務狀況表內並非以公允值計量但披露其公允值的資產及負債，計息銀行及其他借貸及公司債券非即期部分的賬面值與其公允值相若，並獲釐定為第3級。優先票據及公司債券的公允值分別為人民幣11,223,744,000元及人民幣11,156,930,000元（2017年：人民幣4,045,622,000元及人民幣10,028,050,000元），並獲釐定為第1級。

計息銀行及其他借貸非即期部分的公允值乃以預期未來現金流，使用以類似條款、信貸風險及剩餘年期的現行可供比較工具的利率貼現而計算。優先票據及公司債券的公允值乃參考報告日金融機構報價計算所得。於2018年12月31日，本集團對於計息銀行及其他借貸的自身不履約風險被評為不重大。

Notes to Financial Statements (Continued)

財務報表附註(續)

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46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The Group entered into derivative financial instruments with creditworthy banks with no history of default. Derivative financial instruments, including structured forward currency contracts, are measured using valuation techniques similar to forward pricing. The model incorporates various market observable inputs including foreign exchange spot and forward rates. The carrying amounts of structured forward currency contracts are the same as their fair values.

The details of the valuation technique and the inputs used in the fair value measurement of investment properties and derivative financial instruments have been disclosed in note 14 and note 26, respectively.

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 (2017: Nil).

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and other borrowings and cash and short term deposits. 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 trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, 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.

Market risk

The Group's assets are predominantly in the form of land held for property development for sale, investment properties, properties under development and properties held for sale. In the event of a severe downturn in the property market, these assets may not be readily realised.

46. 金融工具的公允值及公允值層級(續)

本集團與並無違約記錄的信譽良好的銀行訂立衍生金融工具。衍生金融工具(包括結構性遠期貨幣合約)採用與遠期定價類似的估值方法計量。該模型整合多項市場可觀察輸入數據,包括外匯即期及遠期匯率。結構性遠期貨幣合約的賬面值與其公允值相同。

投資物業及衍生金融工具的估值方法及公允值計量的輸入數據詳情分別於附註14及附註26披露。

年內,就金融資產及金融負債而言,公允值計量並無於第1級與第2級之間發生轉移,亦無轉入或轉出第3級(2017年:無)。

47. 財務風險管理的目標及政策

本集團的主要金融工具包括銀行及其他借貸以及現金及短期存款。該等金融工具的主要目的是協助本集團籌集經營資金。本集團擁有各種其他金融資產及負債,例如從經營中直接產生的貿易應付款項。

本集團的金融工具所引致的主要風險為市場風險、利率風險、外幣風險、信貸風險及流動性風險。董事會審閱並同意有關管理各項該等風險的政策,茲概述如下。

市場風險

本集團資產的主要形式為持作物業開發銷售用途的土地、投資物業、在建物業及持作銷售用途的物業。在物業市場十分低迷的情況下,該等資產可能不易變現。

Notes to Financial Statements (Continued)
財務報表附註(續)

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47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in Mainland China at the same saving rate as unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other borrowings with floating interest rates. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk, and will consider hedging significant interest rate risk should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

47. 財務風險管理的目標及政策(續)

利率風險

本集團的大部分收入及經營現金流量不受市場利率變動所影響。除銀行存款之外，本集團並無重大計息資產。於整個年度內，中國大陸銀行受限制存款與非受限制存款的儲蓄利率相同。本集團所承擔市場利率變動的風險主要與本集團按浮動利率計息的銀行及其他借貸有關。本集團並無使用任何利率掉期以對沖其利率風險，惟必要時將考慮對沖重大利率風險。

下表說明在所有其他變量維持不變的情況下，報告期間結束時本集團除稅前利潤的利率合理可能變動的敏感度。本集團權益的其他部分不受重大影響。

		Increase/ (decrease) in basis points 增加／(減少) 基點數	Effect on profit before tax 對除稅前利潤 的影響 RMB'000 人民幣千元
2018	2018		
Renminbi	人民幣	50	(44,907)
Renminbi	人民幣	(50)	44,907
Hong Kong dollar	港幣	50	(4,441)
Hong Kong dollar	港幣	(50)	4,441
United States dollar	美元	50	(22,187)
United States dollar	美元	(50)	22,187
2017	2017		
Renminbi	人民幣	50	(18,366)
Renminbi	人民幣	(50)	18,366
Hong Kong dollar	港幣	50	(4,122)
Hong Kong dollar	港幣	(50)	4,122
United States dollar	美元	50	(2,765)
United States dollar	美元	(50)	2,765

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財務報表附註(續)

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47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Foreign currency risk**

All of the Group's turnover and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under the existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for the Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration for Foreign Exchange Bureau. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange Bureau, this could affect the Group's subsidiaries' ability to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from the Company.

The Group's financial assets and liabilities including certain amounts due from/to related parties denominated in Hong Kong dollars, certain short term deposits denominated in Hong Kong dollars and certain bank and other borrowings denominated in Hong Kong dollars and United States dollars are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

47. 財務風險管理的目標及政策(續)**外幣風險**

本集團所有的營業額及絕大部分經營開支均以人民幣計值，而人民幣目前並非為可自由兌換的貨幣。中國政府對將人民幣兌換為外幣及(於特定情況下)將貨幣匯出中國大陸施加管制。可用外幣的短缺可能限制本集團的中國附屬公司匯出足夠外幣以向本集團支付股息或其他款項的能力。

根據現有的中國外匯法規，經常賬項的付款(包括股息、貿易及與服務相關的外匯交易)在遵守若干程序要求後可以外幣進行，而無須國家外匯管理局的事先批准。然而，將人民幣兌換為外幣及匯出中國大陸以支付資本賬項目(比如償還以外幣計值的銀行及其他借貸)時，須獲得有關中國政府機關的批准。

目前，本集團的中國附屬公司可購買外幣以結清經常賬戶交易(包括向本公司支付股息)，而無須國家外匯管理局的事先批准。本集團的中國附屬公司亦可在其經常賬戶中留存外幣以償還外幣負債或支付股息。由於資本賬戶的外幣交易仍然受限制且須獲得國家外匯管理局的批准，可能影響本集團附屬公司透過債務或股權融資(包括從本公司取得貸款或出資的形式)獲取所需外匯的能力。

本集團的金融資產及負債(包括以港幣計值的應收／應付關連方若干款項及以港幣計值的若干短期存款和以港幣及美元計值的若干銀行及其他借貸)須承受外幣風險。因此，人民幣兌換外幣的匯率波動可能影響本集團的經營業績。

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47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

A reasonably possible appreciation of 1% in the exchange rate of the Hong Kong dollar or United States dollar against the Renminbi would have material impact on the Group's profit during the year and this would result in an increase in other components of the Group's equity by RMB1,406,000 (2017: increase of RMB7,253,000) in 2018.

Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. There is no significant concentration of credit risk within the Group.

Maximum exposure and year-end staging as at 31 December 2018

The credit risk of the Group's cash and cash equivalents, restricted deposits, other receivables and certain deposits, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

The credit quality of the financial assets measured at amortised cost is considered to be "normal" as 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 and hence, they are all classified under stage 1 for measurement of ECLs. The loss allowance provision for all financial assets measured at amortised cost was not significant as at 31 December 2018.

Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures and associates and in respect of mortgage facilities provided for certain purchasers of the Group's properties with aggregate amounts utilised of RMB18,569,401,000 (2017: RMB18,150,963,000) which are not yet past due and there is no information indicating of default and, hence, are all classified under stage 1 for measurement of ECLs.

Maximum exposure as at 31 December 2017

On top of the credit risk arising from the financial guarantees provided by the Group as detailed in note 40, the credit risk of the Group's other financial assets, which mainly comprise cash and other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

47. 財務風險管理的目標及政策(續)

外幣風險(續)

港幣或美元與人民幣之間的匯率的合理可能上升1%，將對年內本集團的利潤產生重大影響，將導致於2018年本集團權益的其他組成部分增加人民幣1,406,000元(2017年：增加人民幣7,253,000元)。

信貸風險

所有客戶購買物業時須預付定金，此為本集團的政策。此外，由於授予任何個人或公司實體的信貸額度並不重大，故本集團並無任何重大信貸風險。本集團並無重大集中信貸風險。

於2018年12月31日的最高風險及年末階段

本集團現金及現金等價物、受限制存款、其他應收款項及若干按金的信貸風險主要來自對方違約，最高風險值等於該等工具的賬面值。

按攤銷成本計量的金融資產尚未逾期且概無資料顯示自首次確認後金額資產的信貸風險有大幅提升，因而其信貸質素認為「正常」，故此就計量預期信貸損失而言歸類為第一階段。按攤銷成本計量的所有金融資產的虧損撥備於2018年12月31日並不重大。

就授予合營公司及聯營公司的信貸融資及為本集團若干物業買家提供的按揭融資而給予銀行及其他貸方的擔保合共動用金額人民幣18,569,401,000元(2017年：人民幣18,150,963,000元)，尚未逾期且概無資料顯示違約跡象，因而就計量預期信貸損失而言均歸類為第一階段。

於2017年12月31日的最高風險

除本集團提供的財務擔保(詳情見附註40)所產生的信貸風險之外，本集團其他金融資產的信貸風險(主要包括現金及其他應收款項及其他資產)皆由對方違約所產生，其最大風險相等於該等工具的賬面值。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Liquidity risk**

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities are available for contingency purposes. In the opinion of the directors of the Company, the Group will have adequate sources of funding to finance its operation needs and manage its liquidity position.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

47. 財務風險管理的目標及政策(續)**流動資金風險**

由於本集團的業務屬於資本密集型，本集團確保維持充足的現金及信貸額度以滿足流動資金需求。本集團之目標為透過運用銀行及其他借貸，令資金在持續性及靈活性之間取得平衡。此外，本集團亦備有銀行融資以應對或有事項。本公司董事認為，本集團將擁有充足的資金資源以應對經營所需及管理其流動資金狀況。

於報告期間結束時本集團金融負債的到期日(以合約訂明的未貼現付款為基準)如下：

At 31 December 2018

於2018年12月31日

		On demand or within 1 year 按要求或 1年內 RMB'000 人民幣千元	In the second year 第2年內 RMB'000 人民幣千元	3 to 5 years 3至5年 RMB'000 人民幣千元	Beyond 5 years 5年以上 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 其他借貸	10,045,825	6,729,627	7,340,348	913,633	25,029,433
Corporate bonds	公司債券	8,030,700	3,862,800	—	—	11,893,500
Senior notes	優先票據	1,340,526	752,020	12,113,389	—	14,205,935
Trade payables	貿易應付款項	3,978,243	2,878,830	—	—	6,857,073
Other payables and accruals	其他應付款項 及應計費用	22,960,107	—	—	—	22,960,107
		<u>46,355,401</u>	<u>14,223,277</u>	<u>19,453,737</u>	<u>913,633</u>	<u>80,946,048</u>
Financial guarantees issued:	已發出財務 擔保：					
Maximum amount guaranteed (note 40)	最高擔保金額 (附註40)	<u>18,569,401</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>18,569,401</u>

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

47. FINANCIAL RISK MANAGEMENT
OBJECTIVES AND POLICIES (continued)

47. 財務風險管理的目標及政策(續)

At 31 December 2017

於2017年12月31日

		On demand or within 1 year 按要求或 1年內 RMB'000 人民幣千元	In the second year 第2年內 RMB'000 人民幣千元	3 to 5 years 3至5年 RMB'000 人民幣千元	Beyond 5 years 5年以上 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 其他借貸	7,526,994	1,675,661	6,246,865	731,694	16,181,214
Corporate bonds	公司債券	10,571,600	—	—	—	10,571,600
Senior notes	優先票據	234,241	234,241	2,911,750	1,724,278	5,104,510
Trade payables	貿易應付款項	3,004,832	2,148,688	—	—	5,153,520
Other payables and accruals	其他應付款項 及應計費用	12,468,016	2,560,449	—	—	15,028,465
		<u>33,805,683</u>	<u>6,619,039</u>	<u>9,158,615</u>	<u>2,455,972</u>	<u>52,039,309</u>
Financial guarantees issued: Maximum amount guaranteed (note 40)	已發出財務 擔保: 最高擔保金額 (附註40)	<u>18,150,963</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>18,150,963</u>

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

47. 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. 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 year.

The Group monitors working capital using a gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings, corporate bonds and senior notes less cash and cash equivalents and restricted cash. The gearing ratios as at the end of the reporting periods were as follows:

47. 財務風險管理的目標及政策(續)**資本管理**

本集團資本管理的主要目標乃確保本集團持續經營的能力，維持穩健的資本比率以支援其業務，以及為股東帶來最大回報。

本集團管理其資本架構並因應經濟狀況變動對其作出調整。為維持或調整資本架構，本集團可能調整支付予股東的股息，返還資本予股東或發行新股。本集團不受任何外部施加的資本要求所規限。年內管理資本的目標、政策或程序並無任何變動。

本集團運用資本負債比率監控營運資金，該比率乃按本集團之債務淨額除以權益總額計算。債務淨額包括計息銀行及其他借貸、公司債券與優先票據，且須減去現金及現金等價物和受限制現金。於報告期間結束時之資本負債比率如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Interest-bearing bank and other borrowings	計息銀行及其他借貸	21,147,663	13,711,865
Corporate bonds	公司債券	11,000,000	10,000,000
Senior notes	優先票據	11,484,192	3,855,621
Less: Cash and cash equivalents	減：現金及現金等價物	(27,162,230)	(15,596,239)
Less: Restricted cash	減：受限制現金	(2,117,120)	(1,901,969)
Net debt	債務淨額	14,352,505	10,069,278
Total equity	權益總額	21,430,352	17,443,236
Gearing ratio	資本負債比率	67.0%	57.7%

31 December 2018 2018年12月31日

48. EVENTS AFTER THE REPORTING PERIOD

- (a) In January 2019, the Company granted 45,270,000 share options with an exercise price of HK\$3.65 per share under its share option scheme to certain directors of the Company and employees of the Group.
- (b) On 23 January 2019, the Company issued senior notes with an aggregate principal amount of US\$500,000,000 (approximately RMB3,373,600,000) bearing interest at 8.625% per annum. The net proceeds, after deducting the issuance costs, amounted to approximately US\$494,901,000 (approximately RMB3,339,199,000). The senior notes will mature on 23 January 2022.
- (c) On 4 February 2019, the Company issued senior notes with an aggregate principal amount of US\$500,000,000 (approximately RMB3,354,050,000) bearing interest at 8.5% per annum. The net proceeds, after deducting the issuance costs, amounted to approximately US\$494,912,000 (approximately RMB3,319,922,000). The senior notes will mature on 4 February 2023.
- (d) On 26 February 2019, the Company issued senior notes with an aggregate principal amount of US\$500,000,000 (approximately RMB3,351,195,000) bearing interest at 8.5% per annum. The net proceeds, after deducting the issuance costs, amounted to approximately US\$494,844,000 (approximately RMB3,316,637,000). The senior notes will mature on 26 February 2024.
- (e) On 22 March 2019, a subsidiary of the Company entered into a sale and purchase agreement with a company wholly-owned by Ms. Kwok Ying Lan (the "Vendor"), pursuant to which (i) the subsidiary has conditionally agreed to purchase the entire issued share capital of a company whose principal asset is a property located in Hong Kong; and (ii) the Vendor has conditionally agreed to assign a debt to the subsidiary at a consideration of approximately HK\$898.7 million (approximately RMB766.7 million).

48. 報告期後事項

- (a) 於2019年1月，本公司根據購股權計劃向本公司若干董事及本集團僱員授出45,270,000份購股權，行使價為每股3.65港元。
- (b) 於2019年1月23日，本公司發行本金總額500,000,000美元(約人民幣3,373,600,000元)的優先票據，按每年8.625厘計息。經扣除發行成本後，所得款項淨額約為494,901,000美元(約人民幣3,339,199,000元)。該等優先票據將於2022年1月23日到期。
- (c) 於2019年2月4日，本公司發行本金總額500,000,000美元(約人民幣3,354,050,000元)的優先票據，按每年8.5厘計息。經扣除發行成本後，所得款項淨額約為494,912,000美元(約人民幣3,319,922,000元)。該等優先票據將於2023年2月4日到期。
- (d) 於2019年2月26日，本公司發行本金總額500,000,000美元(約人民幣3,351,195,000元)的優先票據，按每年8.5厘計息。經扣除發行成本後，所得款項淨額約為494,844,000美元(約人民幣3,316,637,000元)。該等優先票據將於2024年2月26日到期。
- (e) 於2019年3月22日，本公司附屬公司與郭英蘭女士全資擁有之公司(「賣方」)訂立買賣協議，據此(i)附屬公司有條件同意購買一間主要資產為位於香港的物業的公司之全部已發行股本；及(ii)賣方有條件同意向附屬公司轉讓債務，代價約為8億9,870萬港元(約人民幣7億6,670萬元)。

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

49. 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:

49. 本公司之財務狀況表

有關本公司於報告期間結束時財務狀況表之資料載列如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產		
Property, plant and equipment	物業、廠房及設備	95,730	88,780
Interest in a subsidiary	於一間附屬公司的權益	1	1
Total non-current assets	非流動資產總值	95,731	88,781
CURRENT ASSETS	流動資產		
Due from subsidiaries	應收附屬公司款項	25,617,883	16,944,339
Due from joint ventures	應收合營公司款項	646,071	1,573,705
Due from associate	應收聯營公司款項	594,466	—
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	5,373	13,662
Derivative financial instruments	衍生金融工具	—	17,718
Restricted cash	受限制現金	4,440	4,157
Cash and cash equivalents	現金及現金等價物	2,157,828	1,115,503
Total current assets	流動資產總值	29,026,061	19,669,084
CURRENT LIABILITIES	流動負債		
Other payables and accruals	其他應付款項及應計費用	681,289	136,246
Due to subsidiaries	應付附屬公司款項	4,026,524	3,790,242
Derivative financial instruments	衍生金融工具	5,884	19,229
Interest-bearing bank and other borrowings	計息銀行及其他借貸	1,942,325	1,144,425
Corporate bonds	公司債券	3,000,000	3,000,000
Senior notes	優先票據	550,074	—
Total current liabilities	流動負債總額	10,206,096	8,090,142
NET CURRENT ASSETS	流動資產淨額	18,819,965	11,578,942
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	18,915,696	11,667,723

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2018 2018年12月31日

49. STATEMENT OF FINANCIAL
POSITION OF THE COMPANY (continued)

49. 本公司之財務狀況表(續)

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
NON-CURRENT LIABILITIES	非流動負債		
Interest-bearing bank and other borrowings	計息銀行及其他借貸	3,376,520	4,412,699
Senior notes	優先票據	10,934,118	3,855,621
Total non-current liabilities	非流動負債總額	14,310,638	8,268,320
Net assets	資產淨額	4,605,058	3,399,403
EQUITY	權益		
Issued capital	已發行股本	410,035	355,982
Senior perpetual securities	高級永續證券	1,911,986	1,911,986
Reserves (note)	儲備(附註)	2,283,037	1,131,435
Total equity	權益總額	4,605,058	3,399,403

Notes to Financial Statements (Continued)

財務報表附註(續)

31 December 2018 2018年12月31日

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

49. 本公司之財務狀況表(續)

附註：

本公司儲備概列如下：

		Share premium account 股份溢價賬 RMB'000 人民幣千元	Share option reserve 購股權儲備 RMB'000 人民幣千元	Exchange fluctuation reserve 外匯波動儲備 RMB'000 人民幣千元	Retained profits 保留利潤 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2017	於2017年1月1日	388,122	11,375	(154,144)	958,000	1,203,353
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	—	—	(62,044)	(284,331)	(346,375)
Final 2016 dividend	2016年末期股息	(388,122)	—	—	(353,700)	(741,822)
Issue of shares	發行股份	1,292,083	—	—	—	1,292,083
Interim 2017 dividend	2017年中期股息	(280,829)	—	—	—	(280,829)
Issue of shares in connection with the exercise of share options	就行使購股權發行股份	32,948	(4,734)	—	—	28,214
Distribution to holders of senior perpetual securities	向高級永續證券持有人分派	—	—	—	(27,825)	(27,825)
Equity-settled share option arrangements	以權益支付購股權之安排	—	4,636	—	—	4,636
At 31 December 2017 and 1 January 2018	於2017年12月31日及2018年1月1日	1,044,202	11,277	(216,188)	292,144	1,131,435
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	—	—	249,136	275,315	524,451
Final 2017 dividend	2017年末期股息	(780,314)	—	—	—	(780,314)
Issue of shares	發行股份	1,561,873	—	—	—	1,561,873
Issue of shares for scrip dividend	發行以股代息股份	348,313	—	—	—	348,313
Interim 2018 dividend	2018年中期股息	(403,551)	—	—	—	(403,551)
Repurchase of own shares	購回自身股份	(9,568)	—	—	—	(9,568)
Issue of shares in connection with the exercise of share options	就行使購股權發行股份	10,276	(984)	—	—	9,292
Distribution to holders of senior perpetual securities	向高級永續證券持有人分派	—	—	—	(106,546)	(106,546)
Equity-settled share option arrangements	以權益支付購股權之安排	—	7,652	—	—	7,652
At 31 December 2018	於2018年12月31日	1,771,231	17,945	32,948	460,913	2,283,037

50. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2019.

50. 批准財務報表

於2019年3月28日，董事會批准及授權發佈財務報表。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



To the shareholders of Yuzhou Properties Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Yuzhou Properties Company Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 175 to 321, which comprise the consolidated statement of financial position as at 31 December 2017, 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 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), 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.

致禹洲地產股份有限公司股東
(於開曼群島註冊成立的有限公司)

意見

本核數師已審核列載於第175至321頁禹洲地產股份有限公司(「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2017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、綜合全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

本核數師認為，該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)所頒佈的香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於2017年12月31日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥為編製。

意見基準

本核數師已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審核工作。本核數師就該等準則承擔的責任在本報告「核數師就審計綜合財務報表承擔的責任」一節中作進一步闡述。根據香港會計師公會的專業會計師道德守則(「守則」)，本核數師獨立於 貴集團，並已履行守則中的其他道德責任。本核數師相信，本核數師所獲得的審計憑證能充足及適當地為本核數師的意見提供基礎。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

關鍵審計事項

關鍵審計事項是根據本核數師的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在本核數師審計整體綜合財務報表及出具意見時進行處理的，本核數師不會對這些事項提供單獨的意見。就以下每一事項而言，下文描述了應對該事項的審計方法。

本核數師已履行本報告「核數師就審計綜合財務報表承擔的責任」一節所述之責任，包括有關該等事項的責任。相應地，本核數師的審計工作包括執行為應對評估綜合財務報表重大失實陳述風險而設計的審計程序。本核數師審計程序的結果，包括解決以下事項所執行的程序，為本核數師於相關綜合財務報表的審計意見提供基礎。

KEY AUDIT MATTERS (Continued)**Key audit matter*****Adequacy of income tax and other taxes provision***

For the year ended 31 December 2017, the Group's income tax expense of RMB3,063 million comprised the corporate income tax at a statutory tax rate at 25% and the land appreciation tax at tax rates ranged from 30%–60%. The determination of the tax provision involves significant management estimates about the group companies' taxable income and the appropriate application of the tax rate, in particular when estimating the land appreciation tax. We focused on this area because the income tax provision assessment process is complex and involves estimates.

Related disclosures are included in note 3 "Significant Accounting Judgements and Estimates", note 10 "Income Tax" and note 30 "Provision for Land Appreciation Tax" to the financial statements.

關鍵審計事項***所得稅及其他稅項撥備充足性***

截至2017年12月31日止年度，貴集團的所得稅開支為人民幣30.63億元，包括按25%的法定稅率繳付的企業所得稅及按介乎30%至60%的稅率繳付的土地增值稅。釐定稅項撥備，特別是估計土地增值稅時，需要管理層對集團公司應課稅收入及適用稅率作出重大估計。本核數師關注這方面是因為所得稅撥備評估程序複雜並涉及估計。

相關披露載於財務報表附註3「重要會計判斷及估計」、附註10「所得稅」及附註30「土地增值稅撥備」。

關鍵審計事項(續)**How our audit addressed the key audit matter**

We obtained management's schedules to assess their tax computation and recalculated the income tax expenses. We checked the financial information used in these management schedules to the corresponding accounting records or other underlying documentation. We involved our internal tax specialists to evaluate management's application of the relevant tax regulations when performing the tax computation. We also examined the correspondences with tax authorities and identified if there were any uncertain tax positions or tax disputes.

本核數師審計應對關鍵審計事項的方式

本核數師已取得管理層提供的有關明細表來評估其稅項計算並重新計算所得稅開支。本核數師已按相應會計記錄或其他相關文件核查該等管理層明細表中所用財務資料。本核數師已請內部稅務專家參與評估管理層在計算稅務時是否依循相關稅務法規。本核數師亦已核查與稅務機關的通信並確定是否存在任何不明稅務狀態或稅務糾紛。

Independent Auditor's Report (Continued)
獨立核數師報告(續)

KEY AUDIT MATTERS (Continued)

Key audit matter

Valuation of investment properties

As at 31 December 2017, the Group had investment properties amounting to RMB8,140 million which are measured at fair value. Management engaged an external valuer to determine the fair values of the investment properties. Different valuation models were applied by the external valuer on different types of investment properties held by the Group. We focused on this area because significant estimation is required to determine the fair values of the investment properties.

Related disclosures are included in note 3 "Significant Accounting Judgements and Estimates" and note 14 "Investment Properties" to the financial statements.

關鍵審計事項

投資物業估值

於2017年12月31日，貴集團按公允值計量的投資物業為人民幣81.40億元。管理層委聘外部估值師來釐定投資物業的公允值。外部估值師對貴集團所持不同類型的投資物業採用不同的估值方法。本核數師關注這方面是因為釐定投資物業公允值需要作出重大估計。

相關披露載於財務報表附註3「重要會計判斷及估計」及附註14「投資物業」。

關鍵審計事項(續)

How our audit addressed the key audit matter

We evaluated the objectivity, independence and competency of the external valuer engaged by management. We also involved our internal valuation specialists to assist us in evaluating the assumptions, methodologies and parameters adopted in the valuation. Our internal valuation specialists independently re-performed the valuation based on the market value, rental value and capitalisation rates of the properties located in the adjacent location. We compared the valuation performed by the external valuer to the range provided by our internal valuation specialists. We further assessed the correctness of the property related data used as inputs for the valuation. We also assessed the adequacy of the disclosures of the valuation of the investment properties.

本核數師審計應對關鍵審計事項的方式

本核數師已對管理層委聘的外部估值師的客觀性、獨立性及能力進行評估。本核數師亦已請內部估值專家以協助我們評估其估值所用假設、方法及參數。本核數師的內部估值專家根據附近地區物業的市場價值、租金價值及資本化率進行獨立重估。本核數師將外部估值師所進行評估與本核數師的內部估值專家所提供的參數範圍進行比較。本核數師進一步評估用作估值輸入數據的物業相關數據之正確性。本核數師亦評估投資物業估值的披露充足性。

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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.

年報內的其他資料

貴公司董事需對其他資料負責。其他資料包括年報內的信息，不包括綜合財務報表及本核數師就此發出的核數師報告。

本核數師對綜合財務報表的意見並不涵蓋其他資料，本核數師亦不對其他資料發表任何形式的鑒證結論。

就本核數師審計綜合財務報表而言，本核數師的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或本核數師在審計過程中所了解的情況有重大抵觸，或者存在有重大錯誤陳述的情況。基於本核數師已執行的工作，如果本核數師認為其他資料有重大錯誤陳述，本核數師需要報告該事實。在這方面，本核數師沒有任何報告。

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香港會計師公會頒佈的香港財務報告準則及香港公司條例之披露規定編製真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所必需的內部控制負責。

在編製綜合財務報表時，貴公司董事負責評估貴集團持續經營的能力，並在適當情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非貴公司董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助貴公司董事履行監督貴集團財務報告過程的責任。

Independent Auditor's Report (Continued)
獨立核數師報告(續)

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.

核數師就審計綜合財務報表承擔的責任

本核數師的目標，是對綜合財務報表是否不存在由於欺詐或錯誤而導致的任何重大錯誤陳述取得合理保證，並出具包括本核數師意見的核數師報告。本核數師僅向全體成員報告，除此之外本報告別無其他目的。本核數師不會就本報告的內容向任何其他人士負上或承擔任何責任。

合理保證是高水平的保證，但不能保證按香港審計準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們個別或滙總起來可能影響綜合財務報表使用者所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據香港審計準則進行審計的過程中，本核數師運用了專業判斷，保持了專業懷疑態度。本核數師亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及取得充足和適當的審計憑證，作為本核數師意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險較因錯誤而導致的重大錯誤陳述的風險為高。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露資料的合理性。

**AUDITOR'S RESPONSIBILITIES FOR THE
AUDIT OF THE CONSOLIDATED
FINANCIAL STATEMENTS (Continued)**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**核數師就審計綜合財務報表承擔的
責任(續)**

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所得的審計憑證，決定是否存在與事件或情況有關的重大不確定性，而可能對貴集團持續經營的能力構成重大疑慮。如果本核數師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對綜合財務報表中的相關披露資料的關注。假若有關的披露不足，則本核數師應當發表非無保留意見。本核數師的結論是基於截至核數師報告日止所取得的審計憑證。然而，未來事件或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否公允反映相關交易和事項。
- 就貴集團中實體或業務活動的財務資料獲取充分、適當的審計證據，以對綜合財務報表發表意見。本核數師負責貴集團審計的指導、監督和執行。本核數師對審計意見承擔全部責任。

除其他事項外，本核數師與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等事項，包括本核數師在審計期間識別出內部控制的任何重大缺陷。

本核數師還向審核委員會提交聲明，說明本核數師已符合有關獨立性的相關專業道德要求，並與他們溝通所有合理地被認為會影響本核數師獨立性的關係和其他事項，以及在適用的情況下，相關的防範措施。

Independent Auditor's Report (Continued)
獨立核數師報告(續)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chow Chi Chung.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
27 March 2018

核數師就審計綜合財務報表承擔的 責任(續)

從與審核委員會溝通的事項中，本核數師決定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。本核數師會在核數師報告中描述這些事項，除非法律法規不允許對某件事項作出公開披露，或在極端罕見的情況下，若有合理預期在本核數師報告中溝通某事項而造成的負面後果超過其產生的公眾利益，本核數師將不會在此等情況下在報告中溝通該事項。

本獨立核數師報告的審計項目合夥人是鄒志聰。

安永會計師事務所
執業會計師
香港中環
添美道1號
中信大廈22樓
2018年3月27日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

Year ended 31 December 2017 截至2017年12月31日止年度

		Notes	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
		附註		
REVENUE	收入	5	21,700,673	13,671,828
Cost of sales	銷售成本		(14,017,619)	(8,712,916)
Gross profit	毛利		7,683,054	4,958,912
Fair value gain on investment properties, net	投資物業公允值收益淨額	14	380,069	97,392
Other income and gains	其他收入及收益	5	202,311	386,449
Selling and distribution expenses	銷售及營銷成本		(490,771)	(293,153)
Administrative expenses	行政開支		(499,882)	(402,876)
Other expenses	其他開支		(292,891)	(190,326)
Finance costs	融資成本	6	(708,340)	(442,948)
Share of profits and losses of joint ventures	應佔合營公司損益額		(64,719)	91,790
Share of profits and losses of associates	應佔聯營公司損益額		(18,771)	(8,480)
PROFIT BEFORE TAX	除稅前利潤	7	6,190,060	4,196,760
Income tax expense	所得稅開支	10	(3,062,991)	(2,108,274)
PROFIT FOR THE YEAR	年度利潤		3,127,069	2,088,486
Attributable to:	以下各方應佔：			
Owners of the parent	母公司擁有人		2,790,047	1,774,914
Non-controlling interests	非控股權益		337,022	313,572
			3,127,069	2,088,486
EARNINGS PER SHARE	母公司普通股權益持有人			
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	應佔每股盈利			
Basic (RMB per share)	基本(每股人民幣)	12	0.70	0.47
Diluted (RMB per share)	攤薄(每股人民幣)	12	0.69	0.46

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

Year ended 31 December 2017 截至2017年12月31日止年度

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
PROFIT FOR THE YEAR	年度利潤	3,127,069	2,088,486
Other comprehensive loss to be reclassified to profit or loss in subsequent periods — Exchange differences on translation of foreign operations	於其後期間將重新分類至損益之其他全面虧損 — 海外業務換算之匯兌差額	718,751	(157,295)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年度全面收益總額	3,845,820	1,931,191
Attributable to:	以下各方應佔：		
Owners of the parent	母公司擁有人	3,508,798	1,617,619
Non-controlling interests	非控股權益	337,022	313,572
		3,845,820	1,931,191

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

31 December 2017 2017年12月31日

		Notes 附註	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	874,715	1,061,735
Investment properties	投資物業	14	8,140,210	7,518,177
Land held for property development for sale	持作物業開發銷售用途的土地	18	215,224	215,224
Prepayments, deposits and other receivables	預付款、按金及其他應收款項	21	—	208,903
Goodwill	商譽	15	—	100,401
Investments in joint ventures	於合營公司投資	16	6,387,378	7,268,781
Investments in associates	於聯營公司投資	17	602,365	123,580
Deferred tax assets	遞延稅項資產	31	526,074	371,456
Total non-current assets	非流動資產總額		16,745,966	16,868,257
CURRENT ASSETS	流動資產			
Land held for property development for sale	持作物業開發銷售用途的土地	18	9,173,473	883,250
Properties under development	在建物業	19	10,263,940	21,156,179
Properties held for sale	持作銷售用途的物業	20	8,121,694	7,369,071
Prepayments for acquisition of land	收購土地預付款項		2,109,667	1,658,529
Prepayments, deposits and other receivables	預付款、按金及其他應收款項	21	15,630,318	2,876,651
Prepaid corporate income tax	預付企業所得稅		127,813	267,317
Prepaid land appreciation tax	預付土地增值稅		216,020	276,268
Derivative financial instruments	衍生金融工具	26	17,718	87,456
Restricted cash	受限制現金	22	1,901,969	1,818,946
Cash and cash equivalents	現金及現金等價物	22	15,596,239	15,598,588
Total current assets	流動資產總額		63,158,851	51,992,255
CURRENT LIABILITIES	流動負債			
Receipts in advance	預收款項	23	10,268,840	13,857,844
Trade payables	貿易應付款項	24	5,153,520	5,979,034
Other payables and accruals	其他應付款項及應計費用	25	12,468,016	7,657,059
Interest-bearing bank and other borrowings	計息銀行及其他借貸	27	6,704,340	4,807,778
Corporate bonds	公司債券	28	10,000,000	—
Corporate income tax payables	應付企業所得稅		1,893,370	1,576,914
Provision for land appreciation tax	土地增值稅撥備	30	1,505,218	1,448,040
Derivative financial instruments	衍生金融工具	26	19,229	—
Total current liabilities	流動負債總額		48,012,533	35,326,669
NET CURRENT ASSETS	流動資產淨額		15,146,318	16,665,586
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		31,892,284	33,533,843

Consolidated Statement of Financial Position (Continued)
 綜合財務狀況表(續)

31 December 2017 2017年12月31日

		Notes 附註	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
NON-CURRENT LIABILITIES	非流動負債			
Other payables	其他應付款項	25	2,560,449	—
Interest-bearing bank and other borrowings	計息銀行及其他借貸	27	7,007,525	5,473,629
Corporate bonds	公司債券	28	—	10,000,000
Senior notes	優先票據	29	3,855,621	5,505,386
Deferred tax liabilities	遞延稅項負債	31	1,025,453	882,092
Total non-current liabilities	非流動負債總額		14,449,048	21,861,107
Net assets	資產淨額		17,443,236	11,672,736
EQUITY	權益			
Equity attributable to owners of the parent	母公司擁有人應佔權益			
Issued capital	已發行股本	32	355,982	324,472
Senior perpetual securities	高級永續證券	35	1,911,986	—
Reserves	儲備	34	14,113,513	10,341,639
			16,381,481	10,666,111
Non-controlling interests	非控股權益		1,061,755	1,006,625
Total equity	權益總額		17,443,236	11,672,736

Lam Lung On

林龍安

Director

董事

Kwok Ying Lan

郭英蘭

Director

董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2017 截至2017年12月31日止年度

		Attributable to owners of the parent 母公司擁有人應佔									
Notes		Issued capital	Share premium account	Statutory surplus reserve	Exchange fluctuation reserve	Share option reserve	Capital reserve	Retained profits	Total	Non-controlling interests	Total equity
附註	已發行股本	股份溢價賬	法定盈餘儲備	匯兌波動儲備	購股權儲備	資本儲備	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 32)		(note 34(i))			(note 34(ii))					
	(附註32)		(附註34(i))			(附註34(ii))					
At 1 January 2016	於2016年1月1日	324,472	598,908	62,642	(168,363)	9,023	40,462	8,754,658	9,621,802	619,553	10,241,355
Profit for the year	年度利潤	—	—	—	—	—	—	1,774,914	1,774,914	313,572	2,088,486
Other comprehensive loss for the year:	年度其他全面虧損：										
Exchange differences related to foreign operations	海外業務相關之匯兌差額	—	—	—	(157,295)	—	—	—	(157,295)	—	(157,295)
Total comprehensive income/(loss) for the year	年度全面收益／(虧損)總額	—	—	—	(157,295)	—	—	1,774,914	1,617,619	313,572	1,931,191
Final 2015 dividend	2015年年終股息	—	(575,662)	—	—	—	—	—	(575,662)	—	(575,662)
Incorporation of a subsidiary	註冊成立一間附屬公司	—	—	—	—	—	—	—	—	73,500	73,500
Equity-settled share option arrangements	以權益支付購股權之安排	33(a)	—	—	—	2,352	—	—	2,352	—	2,352
Reclassification	重新分類	—	364,876	—	—	—	(364,876)	—	—	—	—
At 31 December 2016	於2016年12月31日	324,472	388,122*	62,642*	(325,658)*	11,375*	(324,414)*	10,529,572*	10,666,111	1,006,625	11,672,736

Consolidated Statement of Changes in Equity (Continued)
綜合權益變動表(續)

Year ended 31 December 2017 截至2017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		Total equity
Notes		Issued capital	Share premium account	Statutory surplus reserve	Exchange fluctuation reserve	Share option reserve	Capital reserve	Retained profits	Senior perpetual securities	Total	Non-controlling interests	Total equity
附註		已發行股本	股份溢價賬	法定盈餘儲備	匯兌波動儲備	購股權儲備	資本儲備	保留利潤	高級永續證券	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	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(note 32)		(note 34(i))		(note 34(ii))	(note 34(iii))		(note 35)			
		(附註32)		(附註34(i))		(附註34(ii))	(附註34(iii))		(附註35)			
At 1 January 2017	於2017年1月1日	324,472	388,122	62,642	(325,658)	11,375	(324,414)	10,529,572	—	10,666,111	1,006,625	11,672,736
Profit for the year	年度利潤	—	—	—	—	—	—	2,790,047	—	2,790,047	337,022	3,127,069
Other comprehensive income for the year:	年內其他全面收益：											
Exchange differences related to foreign operations	海外業務相關之匯兌差額	—	—	—	718,751	—	—	—	—	718,751	—	718,751
Total comprehensive income for the year	年內全面收益總額	—	—	—	718,751	—	—	2,790,047	—	3,508,798	337,022	3,845,820
Final 2016 dividend	2016年年終股息	—	(388,122)	—	—	—	—	(353,700)	—	(741,822)	—	(741,822)
Acquisition of non-controlling interests	收購非控股權益	—	—	—	—	—	(11,381)	—	—	(11,381)	(600,619)	(612,000)
Issuance of senior perpetual securities	發行高級永續證券	35	—	—	—	—	—	—	1,911,986	1,911,986	—	1,911,986
Issue of shares	發行股份	—	2,292,083	—	—	—	—	—	—	1,321,905	—	1,321,905
Interim 2017 dividend	2017年中期股息	—	(280,829)	—	—	—	—	—	—	(280,829)	—	(280,829)
Issue of shares in connection with the exercise of share options	就行使購股權發行股份	—	1,688	32,948	—	(4,734)	—	—	—	29,902	—	29,902
Capital contribution from non-controlling shareholders	非控股股東出資	—	—	—	—	—	—	—	—	—	107,800	107,800
Acquisition of subsidiaries	收購附屬公司	37	—	—	—	—	—	—	—	—	210,927	210,927
Distribution to holders of senior perpetual securities	向高級永續證券持有人分派	—	—	—	—	—	—	(27,825)	—	(27,825)	—	(27,825)
Equity-settled share option arrangements	以權益支付購股權之安排	33(a)	—	—	—	4,636	—	—	—	4,636	—	4,636
At 31 December 2017	於2017年12月31日	355,982	1,044,202*	62,642*	393,093*	11,277*	(335,795)*	12,938,094*	1,911,986	16,381,481	1,061,755	17,443,236

* These reserve accounts comprise the consolidated reserves of RMB14,113,513,000 (2016: RMB10,341,639,000) in the consolidated statement of financial position.

該等儲備賬包括綜合財務狀況表中載列的綜合儲備人民幣14,113,513,000元(2016年：人民幣10,341,639,000元)。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2017 截至2017年12月31日止年度

	Notes 附註	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動產生的現金流量		
Profit before tax	除稅前利潤	6,190,060	4,196,760
Adjustments for:	就以下項目作出調整：		
Finance costs	融資成本	496,676	245,730
Bank interest income	銀行利息收入	(95,234)	(84,156)
Depreciation	折舊	82,786	38,746
Fair value loss/(gain) on derivative financial instruments	衍生金融工具公允值虧損／(收益)	64,215	(85,458)
Loss on extinguishment of financial liabilities	抵銷金融負債的虧損	211,664	197,218
Loss on deemed disposal of subsidiaries	視作出售附屬公司的虧損	17,479	—
Gain on disposal of investment properties, net	出售投資物業的收益淨額	(4,024)	(171,590)
Impairment of goodwill	商譽減值	100,401	164,265
Share of profits and losses of joint ventures	應佔合營公司損益額	64,719	(91,790)
Share of profits and losses of associates	應佔聯營公司損益額	18,771	8,480
Fair value gain on investment properties, net	投資物業的公允值收益淨額	(380,069)	(97,392)
Equity-settled share option expense	以股權結算購股權開支	4,636	2,352
		6,772,080	4,323,165
Decrease/(increase) in properties under development	在建物業減少／(增加)	2,064,494	(7,458,927)
Decrease in properties held for sale	持作銷售用途的物業減少	7,446,873	7,678,675
Increase in prepayments for acquisition of land	收購土地預付款項增加	(6,998,086)	(698,910)
Increase in prepayments, deposits and other receivables	預付款、按金及其他應收款項增加	(1,397,164)	(1,181,967)
(Decrease)/increase in receipts in advance	預收款項(減少)／增加	(1,741,118)	6,636,528
Decrease in trade payables	貿易應付款項減少	(537,469)	(315,568)
Increase in other payables and accruals	其他應付款項及應計費用增加	1,343,123	38,752
		6,952,733	9,021,748
Cash generated from operations	經營活動產生的現金	95,234	84,156
Interest received	已收利息	(2,034,990)	(1,562,772)
Interest paid	已付利息	(983,908)	(818,814)
PRC corporate income tax paid	已繳中國企業所得稅	(1,516,954)	(824,755)
PRC land appreciation tax paid	已繳中國土地增值稅		
		2,512,115	5,899,563
Net cash flows from operating activities	經營活動產生之現金流量淨額		

Consolidated Statement of Cash Flows (Continued)
綜合現金流量表(續)

Year ended 31 December 2017 截至2017年12月31日止年度

	Notes 附註	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動產生的現金流量		
Repayment of loans from/(advance of loans to) joint ventures	償還合營公司貸款／ (向合營公司墊付貸款)	1,924,590	(3,927,047)
Advance of loans to associates	向聯營公司墊付款項	(3,991,729)	(39,225)
Purchases of items of property, plant and equipment	購買物業、廠房及設備項目	13 (477,566)	(162,422)
Investments in joint ventures	於合營公司投資	(2,186,510)	(2,031,205)
Investments in associates	於聯營公司投資	(536,781)	(92,835)
Disposals of subsidiaries	出售附屬公司	38 110,990	1,195,988
Acquisitions of subsidiaries	收購附屬公司	(4,722,127)	(2,047,945)
Additions of investment properties	添置投資物業	14 (407,221)	(723,322)
Increase in restricted cash	受限制現金增加	(83,023)	(843,421)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	2,164	—
Proceeds from disposal of investment properties	出售投資物業所得款項	209,894	717,777
Net cash flows used in investing activities	投資活動所用現金流量淨額	(10,157,319)	(7,953,657)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動產生的現金流量		
Capital contributions from non-controlling shareholders	非控股股東之資本投入	107,800	73,500
Acquisition of non-controlling interests	收購非控股權益	(612,000)	—
Increase in an amount due to a non-controlling shareholder	應付一名非控股股東款項增加	211,902	—
Loan from a joint venture	一間合營公司貸款	60,000	—
New bank and other borrowings	新增銀行及其他借貸	11,007,802	10,531,092
Repayment of bank and other borrowings	償還銀行及其他借貸	(3,763,282)	(8,681,757)
Proceeds from issue of senior notes	發行優先票據所得款項	2,396,000	1,669,956
Redemption of senior notes	贖回優先票據	(3,917,313)	(2,120,344)
Proceeds from issue of corporate bonds	發行公司債券所得款項	—	5,000,000
Proceeds from issue of shares	發行股份所得款項	1,321,905	—
Proceeds from issue of senior perpetual securities	發行高級永續證券所得款項	1,911,986	—
Proceeds from issuance of shares in connection with the exercise of share options	就行使購股權發行股份所得款項	29,902	—
Dividends paid	已付股息	(1,440,651)	(157,661)
Net cash flows from financing activities	融資活動產生的現金流量淨額	7,314,051	6,314,786
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物(減少)／增加淨額	(331,153)	4,260,692
Cash and cash equivalents at beginning of year	年初現金及現金等價物	15,598,588	10,973,268
Effect of foreign exchange rate changes, net	匯率變動影響淨額	328,804	364,628
CASH AND CASH EQUIVALENTS AT END OF YEAR	年末現金及現金等價物	15,596,239	15,598,588

NOTES TO FINANCIAL STATEMENTS

財務報表附註

31 December 2017 2017年12月31日

1. CORPORATE AND GROUP INFORMATION

Yuzhou Properties Company Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The registered office of the Company is located at 4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KKY1-1110, Cayman Islands and its principal place of business in Hong Kong is located at Units 4905-06, 49th Floor, The Centre, 99 Queen’s Road Central, Central, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in property development, property investment, property management and hotel operations in mainland of the People’s Republic of China (the “PRC” or “Mainland China”) and Hong Kong.

In the opinion of the directors, Mr. Lam Lung On and Ms. Kwok Ying Lan, both being directors of the Company, are considered as the controlling shareholders of the Company.

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xiamen Yaozhou Real Estate Development Co., Ltd. # (Note) 廈門堯洲房地產開發有限公司# (附註)	PRC/Mainland China 中國／中國大陸	RMB10,800,000 人民幣10,800,000元	—	100%	Property development 物業開發
Xiamen Gangyi Real Estate Marketing Agent Co., Ltd. # (Note) 廈門港誼房產營銷代理有限公司# (附註)	PRC/Mainland China 中國／中國大陸	HK\$5,000,000 港幣5,000,000元	—	100%	Marketing 營銷
Xiamen Yuzhou Commercial Investment & Management Co., Ltd. # (Note) 廈門禹洲商業投資管理有限公司# (附註)	PRC/Mainland China 中國／中國大陸	HK\$5,000,000 港幣5,000,000元	—	100%	Property management 物業管理

1. 公司及集團資料

禹洲地產股份有限公司(「本公司」)乃於開曼群島註冊成立的有限責任公司，其股份於香港聯合交易所有限公司(「香港聯交所」)主板上市。本公司的註冊辦事處位於4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KKY1-1110, Cayman Islands，及其香港主要營業地址為香港中環皇后大道中99號中環中心49樓4905-06室。

年內，本公司及其附屬公司(統稱「本集團」)主要於中華人民共和國大陸(「中國」或「中國大陸」)及香港從事物業開發、物業投資、物業管理以及酒店業務。

董事認為，本公司董事林龍安先生及郭英蘭女士被視為本公司控股股東。

附屬公司之資料

本公司主要附屬公司之詳情如下：

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)
Information about subsidiaries (Continued)

1. 公司及集團資料(續)
附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xiamen Diyuan Bonded Storage and Distribution Co., Ltd.* (Note) 廈門帝元保稅儲運有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB20,000,000 人民幣20,000,000元	—	100%	Property development 物業開發
Xiamen Kim International Realty Development Co., Ltd. # (Note) 廈門金國際地產發展有限公司#(附註)	PRC/Mainland China 中國／中國大陸	US\$113,600,000 113,600,000美元	—	100%	Property development 物業開發
Xiamen Richville Development Ltd. # (Note) 廈門貴豐房地產開發有限公司#(附註)	PRC/Mainland China 中國／中國大陸	US\$55,000,000 55,000,000美元	—	100%	Property development 物業開發
Xiamen Gangyi Real-Estate Co., Ltd. # (Note) 廈門港誼置業有限公司#(附註)	PRC/Mainland China 中國／中國大陸	RMB160,000,000 人民幣160,000,000元	—	100%	Property development 物業開發
Xiamen Fengzhou Real-Estate Co., Ltd. # (Note) 廈門豐洲置業有限公司#(附註)	PRC/Mainland China 中國／中國大陸	HK\$18,000,000 港幣18,000,000元	—	100%	Property development 物業開發
Xiamen Yuzhou Grand Future Real Estate Development Co., Ltd.* (Note) 廈門禹洲鴻圖地產開發有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB1,500,000,000 人民幣1,500,000,000元	—	100%	Property development 物業開發
Xiamen Skyplaz Realty & Development Co., Ltd.* (Note) 廈門海天房地產開發有限公司*(附註)	PRC/Mainland China 中國／中國大陸	US\$25,000,000 25,000,000美元	—	100%	Property development 物業開發
Hefei Yuzhou Real Estate Development Co., Ltd. # (Note) 合肥禹洲房地產開發有限公司#(附註)	PRC/Mainland China 中國／中國大陸	US\$90,000,000 90,000,000美元	—	100%	Property development 物業開發

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1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

1. 公司及集團資料(續)

附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xiamen Huaqiao City Real Estate Co., Ltd. # (Note) 廈門華僑城房地產開發有限公司# (附註)	PRC/Mainland China 中國／中國大陸	RMB20,000,000 人民幣20,000,000元	—	100%	Property development 物業開發
Anhui Overseas City Construction & Development Co., Ltd. # (Note) 安徽華僑城建設發展有限公司# (附註)	PRC/Mainland China 中國／中國大陸	US\$3,000,000 3,000,000美元	—	100%	Property investment 物業投資
Xiamen Yuzhou Group Ltd. @ (Note) 廈門禹洲集團股份有限公司 @ (附註)	PRC/Mainland China 中國／中國大陸	RMB116,064,000 人民幣116,064,000元	— —	100% 100%	Property investment 物業投資
Shanghai Kangtai Real Estate Development Co., Ltd. @ (Note) 上海康泰房地產開發有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB30,000,000 人民幣30,000,000元	—	100%	Property development 物業開發
Shanghai Jinyue Real Estate Development Co., Ltd. @ (Note) 上海金躍房地產開發有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB100,000,000 人民幣100,000,000元	—	100%	Property development 物業開發
Shanghai Yuzhou Real Estate Investment Co. Ltd. @ (Note) 上海禹洲房地產投資有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB100,000,000 人民幣100,000,000元	—	100%	Property development 物業開發
Shanghai Yanhai Real Estate Development Co., Ltd. @ (Note) 上海燕海房地產開發經營有限責任公司 @ (附註)	PRC/Mainland China 中國／中國大陸	RMB48,450,000 人民幣48,450,000元	—	100%	Property development 物業開發
Shanghai Liyade Property Investment Co., Ltd. @ (Note) 上海利雅得投資置業有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB42,000,000 人民幣42,000,000元	—	100%	Property development 物業開發

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)
Information about subsidiaries (Continued)

1. 公司及集團資料(續)
附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Shanghai Yuzhou Hotel Management Co., Ltd. @ (Note) 上海禹洲酒店管理有限公司@(附註)	PRC/Mainland China 中國／中國大陸	RMB2,000,000 人民幣2,000,000元	—	100%	Hotel management 酒店管理
Yuzhou Real Estate Service Company Limited @ (Note) 禹洲物業服務有限公司@(附註)	PRC/Mainland China 中國／中國大陸	RMB50,000,000 人民幣50,000,000元	—	100%	Property management 物業管理
Xiamen Yuzhou Property Development Co., Ltd. @ (Note) 廈門禹洲房地產開發有限公司@(附註)	PRC/Mainland China 中國／中國大陸	RMB23,600,000 人民幣23,600,000元	—	100%	Property development 物業開發
Fujian Yingfeng Real Estate Investment Co., Ltd. @ (Note) 福建盈峰地產投資有限公司@(附註)	PRC/Mainland China 中國／中國大陸	RMB50,000,000 人民幣50,000,000元	—	100%	Property investment 物業投資
Fujian Wanlong Property Management Co., Ltd. @ (Note) 福建萬龍物業管理服務有限公司@(附註)	PRC/Mainland China 中國／中國大陸	RMB5,000,000 人民幣5,000,000元	—	100%	Property management 物業管理
Hefei Ludong Real Estate Development Co., Ltd. @ (Note) 合肥廬東房地產開發有限責任公司@(附註)	PRC/Mainland China 中國／中國大陸	RMB80,000,000 人民幣80,000,000元	—	100%	Property development 物業開發
Hefei Kangli Realty Co., Ltd. @ (Note) 合肥市康麗置業有限公司@(附註)	PRC/Mainland China 中國／中國大陸	RMB30,000,000 人民幣30,000,000元	—	100%	Property development 物業開發
Coastal Greenland Development (Fujian) Limited # 沿海綠色家園發展(福建)有限公司#	PRC/Mainland China 中國／中國大陸	US\$10,000,000 10,000,000美元	—	100%	Property development 物業開發

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1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

1. 公司及集團資料(續)

附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立/註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本/註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xiamen Shunzhou Real Estate Development Co., Ltd. # (Note) 廈門舜洲房地產開發有限公司# (附註)	PRC/Mainland China 中國/中國大陸	RMB800,000,000 人民幣800,000,000元	—	100%	Property development 物業開發
Xiamen Yuzhou Seaview Property Development Co., Ltd. @ (Note) 廈門禹洲海景城房地產有限公司@ (附註)	PRC/Mainland China 中國/中國大陸	RMB1,500,000,000 人民幣1,500,000,000元	—	100%	Property development 物業開發
Shanghai Yuzhou Real Estate Development Co., Ltd. @ (Note) 上海禹洲房地產開發有限公司@ (附註)	PRC/Mainland China 中國/中國大陸	RMB100,000,000 人民幣100,000,000元	—	100%	Property development 物業開發
Shanghai Nankai Realty Development Ltd. @ (Note) 上海南凱置業發展有限公司@ (附註)	PRC/Mainland China 中國/中國大陸	RMB90,000,000 人民幣90,000,000元	—	100%	Property development 物業開發
Shanghai Kangyi Real Estate Development Co., Ltd. @ (Note) 上海康怡房地產開發有限公司@ (附註)	PRC/Mainland China 中國/中國大陸	RMB48,714,300 人民幣48,714,300元	—	100%	Property development 物業開發
Yuzhou Properties (Beijing) Co., Ltd. @ (Note) 禹洲地產(北京)有限公司@ (附註)	PRC/Mainland China 中國/中國大陸	RMB100,000,000 人民幣100,000,000元	—	100%	Property development 物業開發
Yuzhou Properties (Quanzhou) Co., Ltd. @ (Note) 禹洲地產(泉州)有限公司@ (附註)	PRC/Mainland China 中國/中國大陸	RMB150,000,000 人民幣150,000,000元	—	100%	Property development 物業開發
Xin Yi Fang Tian (Quanzhou) Construction Materials Co., Ltd. # (Note) 新易方天(泉州)建築材料有限公司# (附註)	PRC/Mainland China 中國/中國大陸	RMB10,000,000 人民幣10,000,000元	—	100%	Trading of building materials 買賣建築材料

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)
Information about subsidiaries (Continued)

1. 公司及集團資料(續)
附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Tianjin Yuzhou Jinhai Real Estate Investment Co., Ltd. @ (Note) 天津禹洲津海地產投資有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB200,000,000 人民幣200,000,000元	—	100%	Property development 物業開發
Xiamen Xiang'anwan Baseball and Softball Industrial Investment Co., Ltd. @ (Note) 廈門翔安灣棒壘球產業投資有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB10,000,000 人民幣10,000,000元	—	76.25%	Property development 物業開發
Xiamen Gangyi Communication Co., Ltd. @ (Note) 廈門港誼通訊有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB5,000,000 人民幣5,000,000元	—	100%	Property development 物業開發
Xiamen Junyu Trade Co., Ltd. @ (Note) 廈門俊宇貿易有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB50,000,000 人民幣50,000,000元	—	100%	Trading of construction materials 買賣建築材料
Xiamen Xin Cheng Li Da Trading Co., Ltd. @ (Note) 廈門信成立達貿易有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB20,000,000 人民幣20,000,000元	—	100%	Trading of construction materials 買賣建築材料
Longyan Yuzhou Real Estate Development Co., Ltd. @ (Note) 龍岩禹洲房地產開發有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB500,000,000 人民幣500,000,000元	—	100%	Property development 物業開發
Anhui Shengtian Property Co., Ltd. @ (Note) 安徽晟天置業有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB150,000,000 人民幣150,000,000元	—	100%	Property development 物業開發
Anhui Shenghe Property Co. Ltd. @ (Note) 安徽晟和置業有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB10,000,000 人民幣10,000,000元	—	100%	Property development 物業開發

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1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

1. 公司及集團資料 (續)

附屬公司之資料 (續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Huainan Yuzhou Real Estate Development Co., Ltd. @ (Note) 淮南禹洲房地產開發有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB16,000,000 人民幣16,000,000元	—	100%	Property development 物業開發
Yuzhou Properties (Shanghai) Company Limited @ (Note) 禹洲置業(上海)有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB600,000,000 人民幣600,000,000元	—	100%	Property development 物業開發
Fujian Yu Gang Construction Materials Company Limited # (Note) 福建禹港建築材料有限公司# (附註)	PRC/Mainland China 中國／中國大陸	RMB18,290,700 人民幣18,290,700元	—	100%	Trading of building materials 買賣建築材料
Xiamen Rungang Property Investment Co., Ltd. @ (Note) 廈門潤港投資置業有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB18,348,300 人民幣18,348,300元	—	100%	Property investment 物業投資
Xiamen Gangzhou Co., Ltd. * (Note) 廈門市港洲有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB300,000,000 人民幣300,000,000元	—	100%	Property development 物業開發
Xiamen Yuzhou City Co., Ltd. * (Note) 廈門禹洲城有限公司* (附註)	PRC/Mainland China 中國／中國大陸	RMB1,680,000,000 人民幣1,680,000,000元	—	100%	Property development 物業開發
Xiamen Honggang Cultural and Creative Co., Ltd. @ (Note) 廈門泓港文化創意有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB1,000,000 人民幣1,000,000元	—	100%	Property development 物業開發
Xiamen Yihai Consulting Co., Ltd. @ (Note) 廈門亦海諮詢有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB1,000,000 人民幣1,000,000元	—	100%	Property development 物業開發
Hefei Shunzhou Realty Co., Ltd. ("Hefei Shunzhou") * (Note) 合肥舜洲置業有限公司 ("合肥舜洲") * (附註)	PRC/Mainland China 中國／中國大陸	RMB1,200,000,000 人民幣1,200,000,000元	—	100%	Property development 物業開發

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)
Information about subsidiaries (Continued)

1. 公司及集團資料(續)
附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Fujian Big World Huaxia Real Estate Development Co., Ltd. @ (Note) 福建大世界華夏房地產有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB1,110,000,000 人民幣1,110,000,000元	—	100%	Property development 物業開發
Yuzhou Properties (Hefei) Eastern Town Co., Ltd. * (Note) 禹洲置業(合肥)東城有限公司*(附註)	PRC/Mainland China 中國／中國大陸	RMB1,800,000,000 人民幣1,800,000,000元	—	100%	Property development 物業開發
Hefei Yifeng Real Estate Development Co., Ltd. ("Hefei Yifeng") @ (Note) 合肥溢豐房地產開發有限公司 (「合肥溢豐」) @ (附註)	PRC/Mainland China 中國／中國大陸	RMB300,000,000 人民幣300,000,000元	—	100%	Property development 物業開發
Nanjing Bozhou Real Estate Investment Co., Ltd. @ (Note) 南京博洲房地產開發有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB1,880,000,000 人民幣1,880,000,000元	—	100%	Property development 物業開發
Shanghai Shunhong Real Estate Development Co., Ltd. @ (Note) 上海舜鴻房地產開發有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB150,000,000 人民幣150,000,000元	—	100%	Property development 物業開發
Nanjing Xiangzhou Real Estate Development Co., Ltd. @ (Note) 南京翔洲房地產開發有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB130,000,000 人民幣130,000,000元	—	100%	Property development 物業開發
Nanjing Shunhong Real Estate Development Co., Ltd. @ (Note) 南京舜鴻房地產開發有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB150,000,000 人民幣150,000,000元	—	51%	Property development 物業開發
Nanjing Haoyi Real Estate Development Co., Ltd. # (Note) 南京灝溢房地產開發有限公司# (附註)	PRC/Mainland China 中國／中國大陸	RMB355,000,000 人民幣355,000,000元	—	100%	Property development 物業開發

31 December 2017 2017年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

1. 公司及集團資料(續)

附屬公司之資料(續)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Xiamen Xiangzhou Real Estate Investment Co., Ltd. ("Xiamen Xiangzhou") @ (Note) 廈門翔洲房地產開發有限公司 (「廈門翔洲」)@ (附註)	PRC/Mainland China 中國／中國大陸	RMB50,000,000 人民幣50,000,000元	—	51%	Property development 物業開發
Jiangsu Guangsheng Property Co., Ltd. ("Jiangsu Guangsheng") @ (Note) 江蘇廣升置業有限公司 (「江蘇廣升」) @ (附註)	PRC/Mainland China 中國／中國大陸	RMB312,000,000 人民幣312,000,000元	—	60%	Property development 物業開發
Tianjin Yuzhou Yucheng Real Estate Development Co., Ltd. @ (Note) 天津禹洲裕成房地產開發有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB30,000,000 人民幣30,000,000元	—	100%	Property development 物業開發
Zhejiang Shunhong Real Estate Development Co., Ltd. @ (Note) 浙江舜鴻房地產開發有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB60,000,000 人民幣60,000,000元	—	100%	Property development 物業開發
Nanjing Yongxiang Real Estate Development Co., Ltd. @ (Note) 南京雍祥房地產開發有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB200,000,000 人民幣200,000,000元	—	51%	Property development 物業開發
Huizhou Santian Industrial Development Co., Ltd. ("Huizhou Santian") @ (Note) 惠州市三田實業發展有限公司 (「惠州三田」)@ (附註)	PRC/Mainland China 中國／中國大陸	RMB61,224,500 人民幣61,224,500元	—	51%	Property development 物業開發
Xiamen Zhongrong Real Estate Development Co., Ltd. @ (Note) 廈門中蓉房地產開發有限公司@ (附註)	PRC/Mainland China 中國／中國大陸	RMB21,000,000 人民幣21,000,000元	—	100%	Property development 物業開發

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

1. CORPORATE AND GROUP INFORMATION (Continued)
Information about subsidiaries (Continued)

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及經營的地點	Nominal value of issued and paid-up/ registered capital 已發行及繳足 股本／註冊股本面值	Equity interest attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Huizhou Dongrun Industrial Co., Ltd. @ (Note)	PRC/Mainland China	RMB21,000,000	—	100%	Property development
惠州市東潤實業有限公司 @ (附註)	中國／中國大陸	人民幣21,000,000元	—	100%	物業開發
Wuhan Lankong Real Estate Development Co., Ltd. ("Wuhan Lan Kong") @ (Note)	PRC/Mainland China	RMB421,060,000	—	100%	Property development
武漢藍空房地產開發有限公司 (「武漢藍空」) @ (附註)	中國／中國大陸	人民幣421,060,000元	—	100%	物業開發
Great Bonus Limited	Hong Kong	HK\$1	—	100%	Property development
旺鴻有限公司	香港	港幣1元	—	100%	物業開發

All the principal subsidiaries disclosed above are not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

Registered as wholly-foreign-owned enterprises under the PRC law.

@ Registered as domestic limited liability companies under the PRC law.

* Registered as Sino-foreign equity entities under the PRC law.

Note: The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English names.

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.

1. 公司及集團資料(續)

附屬公司之資料(續)

上文披露的所有主要附屬公司並非由香港安永會計師事務所或安永全球網絡之其他成員公司審核。

根據中國法律註冊為外商獨資企業。

@ 根據中國法律註冊為本地有限責任公司。

* 根據中國法律註冊為中外合資權益實體。

附註：由於該等公司並未註冊任何正式英文名稱，因此其英文名稱乃本公司管理層盡力直接翻譯其中文名稱而得出。

上表載列董事認為，主要對年度業績產生影響或組成本集團資產淨值主要部分的本公司附屬公司。董事認為載列其他附屬公司的詳細資料會過份冗長。

31 December 2017 2017年12月31日

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2017. 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

此等財務報表乃根據香港會計師公會（「香港會計師公會」）頒佈的香港財務報告準則（「香港財務報告準則」）（包括所有的香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋）、香港公認會計原則及香港公司條例之披露規定而編製。此等財務報表乃根據歷史成本法編製，惟投資物業及衍生金融工具以公允值計量除外。此等財務報表以人民幣（「人民幣」）列值，除非另有指明者外，所有價值均已捨入至最接近的千位數（人民幣千元）。

綜合基準

綜合財務報表包括本公司及其附屬公司（統稱為「本集團」）截至2017年12月31日止年度的財務報表。附屬公司為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營運所得的可變回報承受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權力以主導投資對象相關活動的既存能力）影響該等回報時，即取得控制權。

倘本公司直接或間接擁有少於投資對象大多數投票或類似權利的權利，則本集團於評估其是否擁有對投資對象的權力時會考慮一切相關事實及情況，包括：

- (a) 與投資對象其他投票持有人的合約安排；
- (b) 其他合約安排所產生的權利；及
- (c) 本集團的投票權及潛在投票權。

附屬公司的財務報表乃按與本公司一致的報告期及會計政策編製。附屬公司的業績由本集團取得控制權之日起計綜合入賬，並繼續綜合入賬至該等控制權終止當日為止。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 編製基準(續)

綜合基準(續)

即使會導致非控股權益出現虧絀結餘，損益及其他全面收益的各部分乃分配予本集團母公司擁有人及非控股權益。本集團內成員公司之間的交易所涉及的所有集團內公司間資產及負債、權益、收入、開支及現金流量均於綜合入賬時全部對銷。

倘事實及情況顯示上文所述的控制權的三項元素的一項或多項有所變動，則本集團重新評估其是否控制投資對象。一間附屬公司的所有權權益發生變動(並未喪失控制權)，則按權益交易入賬。

倘本集團失去對一間附屬公司的控制權，則其撤銷確認(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)於權益內記錄的累計匯兌差額；及確認(i)所收代價的公允值、(ii)所保留任何投資的公允值及(iii)損益中任何因此產生的盈餘或虧絀。先前於其他全面收益內確認的本集團應佔部分，乃按猶如本集團已直接出售相關資產或負債所需的相同基準重新分類為損益或保留利潤(視何者屬適當)。

31 December 2017 2017年12月31日

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements:

Amendments to HKAS 7
香港會計準則第7號之修訂

Amendments to HKAS 12

香港會計準則第12號之修訂

Amendments to HKFRS 12 included in
Annual Improvements to HKFRSs 2014-2016 Cycle
香港財務報告準則2014年至2016年週期之年度改進
所載香港財務報告準則第12號之修訂

Other than as explained below regarding the impact of HKAS 7, the adoption of the above revised standards has had no significant financial effect on these financial statements.

The nature and the impact of the amendments are described below:

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosure of the changes in liabilities arising from financing activities is provided in note 39 to the financial statements.

2.2 會計政策及披露事項的變動

本集團已於本年度財務報表中首次採納下列經修訂準則：

Disclosure Initiative
披露計劃

Recognition of Deferred Tax Assets for Unrealised Losses
就未變現虧損確認遞延稅項資產

Disclosure of Interests in Other Entities:
Clarification of the Scope of HKFRS 12
披露於其他實體的權益：釐清香港財務報告準則第12號之範圍

除於下文闡釋有關香港會計準則第7號的影響外，採納以上經修訂準則對該等財務報表並無重大財務影響。

該等修訂之性質及影響載述如下：

香港會計準則第7號之修訂規定實體的披露讓財務報表使用者能夠評估融資活動產生的負債的變動，包括現金流量引致之變動及非現金變動。融資活動所產生負債之變動披露於財務報表附註39。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2

香港財務報告準則第2號之修訂

Amendments to HKFRS 4

香港財務報告準則第4號之修訂

HKFRS 9

香港財務報告準則第9號

Amendments to HKFRS 9

香港財務報告準則第9號之修訂

Amendments to HKFRS 10 and HKAS 28 (2011)

香港財務報告準則第10號及香港會計準則第28號(2011年)之修訂

HKFRS 15

香港財務報告準則第15號

Amendments to HKFRS 15

香港財務報告準則第15號之修訂

HKFRS 16

香港財務報告準則第16號

HKFRS 17

香港財務報告準則第17號

Amendments to HKAS 28

香港會計準則第28號之修訂

Amendments to HKAS 40

香港會計準則第40號之修訂

HK(IFRIC)-Int 22

香港(國際財務報告解釋委員會)解釋公告第22號

HK(IFRIC)-Int 23

香港(國際財務報告解釋委員會)解釋公告第23號

Annual Improvements 2014-2016 Cycle
2014年至2016年週期之年度改進

Annual Improvements 2015-2017 Cycle

2015年至2017年週期之年度改進

2.3 已頒佈但尚未生效之香港財務 報告準則

本集團並無於該等財務報表應用下列已頒佈但尚未生效之新訂及經修訂香港財務報告準則。

Classification and Measurement of Share-based Payment Transactions¹

以股份付款之交易之分類及計量¹

Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts¹

採用香港財務報告準則第4號保險合約時一併應用香港財務報告準則第9號金融工具¹

Financial Instruments¹

金融工具¹

Prepayment Features with Negative Compensation²

具有負補償之預付款項功能²

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴

投資者與其聯營公司或合營公司之間的資產出售或注資⁴

Revenue from Contracts with Customers¹

客戶合約收益¹

Clarifications to HKFRS 15 Revenue from Contracts with Customers¹

澄清香港財務報告準則第15號之客戶合約收益¹

Leases²

租賃²

Insurance Contracts³

保險合約³

Long-term Interests in Associates and Joint Ventures²

於聯營公司及合營公司之長期權益²

Transfer of Investment Property¹

轉讓投資物業¹

Foreign Currency Transactions and Advance Consideration¹

外幣交易及墊支代價¹

Uncertainty over Income Tax Treatments²

有關所得稅處理方式之不確定性²

Amendments to HKFRS 1 and HKAS 28¹

香港財務報告準則第1號及香港會計準則第28號之修訂¹

Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23²

香港財務報告準則第3號、香港財務報告準則第11號、香港會計準則第12號及香港會計準則第23號之修訂²

31 December 2017 2017年12月31日

**2.3 ISSUED BUT NOT YET EFFECTIVE
HONG KONG FINANCIAL
REPORTING STANDARDS (Continued)**

- 1 Effective for annual periods beginning on or after 1 January 2018
- 2 Effective for annual periods beginning on or after 1 January 2019
- 3 Effective for annual periods beginning on or after 1 January 2021
- 4 No mandatory effective date yet determined but available for early adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below:

The HKICPA issued amendments to HKFRS 2 in August 2016 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding a certain amount in order to meet an employee's tax obligation associated with the share-based payment; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. The amendments introduce an exception so that a share-based payment transaction with net share settlement features for withholding a certain amount in order to meet the employee's tax obligation is classified in its entirety as an equity-settled share-based payment transaction when certain conditions are met. Furthermore, the amendments clarify that if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if they elect to adopt for all three amendments and other criteria are met. The Group will adopt the amendments from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

**2.3 已頒佈但尚未生效之香港財務
報告準則(續)**

- 1 於2018年1月1日或之後開始之年度期間生效
- 2 於2019年1月1日或之後開始之年度期間生效
- 3 於2021年1月1日或之後開始之年度期間生效
- 4 並無確定強制生效日期，但可提前採納

預期將適用於本集團之香港財務報告準則的進一步資料載述如下：

香港會計師公會於2016年8月頒佈香港財務報告準則第2號之修訂，針對三個主要範疇：歸屬條件對於計量現金結算股份付款的交易的影響；設有淨額結算功能（以便為履行僱員稅務義務而就股份付款預扣若干金額）的股份付款交易的分類；及當股份付款交易條款及條件之修改使該交易的分類由現金結算改為權益結算時的會計處理。該等修訂澄清，計量權益結算股份支付的付款時對於歸屬條件的處理方法亦適用於現金結算股份支付的付款。該等修訂引入一項豁免，在符合若干條件的情況下，設有股份淨額結算功能（以便為履行僱員稅務義務而預扣若干金額）的股份付款交易可以整項歸類為權益結算股份付款交易。此外，該等修訂澄清，倘現金結算股份付款交易因其條款及條件被修訂而變為權益結算股份付款交易，則該項交易自修訂日期起入賬列為權益結算交易。於採納時，實體須應用該等修訂而並無重列過往期間，惟倘其選擇採納全部三項修訂並符合其他準則，則容許追溯應用。本集團將於2018年1月1日採納該等修訂。預期該等修訂將不會對本集團的財務報表造成任何重大影響。

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**2.3 ISSUED BUT NOT YET EFFECTIVE
HONG KONG FINANCIAL
REPORTING STANDARDS (Continued)**

Amendments to HKFRS 4, issued in January 2017, address issues arising from the different effective dates of HKFRS 9 and HKFRS 17. The amendments introduce two options for entities issuing contracts within the scope of HKFRS 4 upon the adoption of HKFRS 9 and before the implementation of HKFRS 7, notably a temporary exemption and an overlay approach. The temporary exemption enables entities whose activities are predominantly connected with insurance to defer the implementation date of HKFRS 9. The overlay approach allows entities applying HKFRS 9 to remove from profit or loss the effects arising from the adoption of HKFRS 9 and reclassify the amounts to other comprehensive income for designated financial assets. The Group expects to adopt the amendments from 1 January 2018.

Amendments to HKFRS 9, issued in December 2017, allow financial assets with prepayment features that permit or require either the borrower or the lender to pay or receive reasonable compensation for the early termination of the contract to be measured at amortised cost or at fair value through other comprehensive income, instead of at fair value through profit or loss. The amendments clarify that a financial asset passes the “solely payments of principal and interest on the principal amount outstanding” criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for that early termination. The Group expects to adopt these amendments from 1 January 2019 and to apply the exemption from restating comparative information of prior periods. Any difference between the previous carrying amount and the adjusted carrying amount will be recognised in the opening balance of equity. The amendments do not apply to the Group as the Group does not have any debt instruments with prepayment features along with compensation for early termination. In addition, as clarified in the amendments to the basis for conclusions on HKFRS 9, the gain or loss arising on modification of a financial liability that does not result in derecognition (calculated by discounting the change in contractual cash flows at the original effective rate) is immediately recognised in profit or loss. As there is no specific relief on this clarification, this requirement shall be applied retrospectively. The Group’s current accounting policy is consistent with this clarification and therefore the adoption of the amendments is not expected to have any impact on the Group.

**2.3 已頒佈但尚未生效之香港財務
報告準則(續)**

香港財務報告準則第4號之修訂於2017年1月頒佈，處理香港財務報告準則第9號及香港財務報告準則第17號不同生效日期所產生之事宜。該等修訂引入兩個選項供實體於採納香港財務報告準則第9號後及於實行香港財務報告準則第7號前發出屬於香港財務報告準則第4號範圍內之合約，顯著地為暫時豁免及覆載方針。暫時豁免使業務主要與保險有關連之實體延後香港財務報告準則第9號之實行日期。覆載方針容許實體應用香港財務報告準則第9號以自損益消除採納香港財務報告準則第9號所產生之影響，並就指定金融資產重新分類該等金額至其他全面收益。本集團預期將自2018年1月1日起採納該等修訂。

香港財務報告準則第9號之修訂於2017年12月頒佈，容許具有預付款項功能而允許或要求借款人或貸款人支付或收取合理補償以提前終止合約之金融資產，按攤銷成本或按公允值計入其他全面收益計量，而非按公允值計入損益。該等修訂澄清金融資產通過「純粹支付本金及尚未清償本金額之利息」準則，而不論導致提前終止合約之事件或情況，亦不論何方就該提前終止支付或收取合理補償。本集團預期將自2019年1月1日起採納該等修訂，並應用有關重列過往期間可資比較資料之豁免。過往賬面值與經調整賬面值之間的任何差額將於期初權益結餘確認。該等修訂並不適用於本集團，原因是本集團並無任何具有預付款項功能連同提前終止補償之債務工具。此外，誠如該等修訂對香港財務報告準則第9號結論基準所澄清，修改金融負債而並無導致不再確認所產生之收益或虧損(藉按原實際利率折現合約現金流量變動計算)會即時在損益內確認。由於此澄清並無具體寬免，該項規定將追溯應用。本集團之現行會計政策與此項澄清一致，故採納該等修訂預期將不會對本集團造成任何影響。

31 December 2017 2017年12月31日

**2.3 ISSUED BUT NOT YET EFFECTIVE
HONG KONG FINANCIAL
REPORTING STANDARDS (Continued)**

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group will adopt HKFRS 9 from 1 January 2018. The Group will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. During 2017, the Group has performed a detailed assessment of the impact of the adoption of HKFRS 9. The expected impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, the Group will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. The Group does not expect a significant financial impact on the Group's financial statements upon the initial adoption of the standard.

**2.3 已頒佈但尚未生效之香港財務
報告準則(續)**

於2014年9月，香港會計師公會頒佈香港財務報告準則第9號的最終版本，將金融工具項目的所有階段集於一起以代替香港會計準則第39號及香港財務報告準則第9號的所有先前版本。該準則引入分類及計量、減值及對沖會計處理的新規定。本集團將自2018年1月1日起採納香港財務報告準則第9號。本集團將不會重列可資比較資料，並將會就2018年1月1日之期初權益結餘確認任何過渡性調整。於2017年內，本集團已經就採納香港財務報告準則第9號之影響進行詳盡評估。預期影響乃關於分類及計量與減值規定，並概述如下：

(a) 分類及計量

本集團預期採納香港財務報告準則第9號將不會對其金融資產之分類及計量造成重大影響。其預期將繼續按公允值計量目前按公允值持有之所有金融資產。

(b) 減值

香港財務報告準則第9號規定以攤銷成本或公允值計入其他全面收益的債務工具、租賃應收款項、貸款承擔及根據香港財務報告準則第9號並非按公允值計入損益的財務擔保合約的減值，應基於十二個月或全期基準按預期信貸損失模式記賬。本集團將應用簡化方針，並就按所有現金不足數額之現值估計之全期預期損失於其全部貿易應收款項之剩餘年內記賬。另外，本集團將會應用一般方針，並就按未來十二個月內其他應收款項可能違約事件估計之十二個月預期信貸損失記賬。本集團預期於初始採納該準則時不會對本集團之財務報表造成重大財務影響。

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**2.3 ISSUED BUT NOT YET EFFECTIVE
HONG KONG FINANCIAL
REPORTING STANDARDS (Continued)**

As HKFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of HKFRS 9 will not have a significant impact on the Group's financial statements

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

**2.3 已頒佈但尚未生效之香港財務
報告準則(續)**

由於香港財務報告準則第9號並無改變實體就有效對沖入賬之一般原則作出變動，應用香港財務報告準則第9號之對沖規定將不會對本集團之財務報表造成重大影響。

香港財務報告準則第10號及香港會計準則第28號(2011年)之修訂針對香港財務報告準則第10號及香港會計準則第28號(2011年)之間有關投資者與其聯營公司或合營公司之間的資產出售或注資兩者規定之不一致性。該等修訂規定，當投資者與其聯營公司或合營公司之間的資產出售或注資構成一項業務時，須確認全數收益或虧損。當交易涉及不構成一項業務的資產時，由該交易產生的收益或虧損於該投資者的損益內確認，惟僅以不相關投資者於該聯營公司或合營公司的權益為限。該等修訂將前瞻地應用。香港會計師公會已於2016年1月撤銷香港財務報告準則第10號及香港會計準則第28號(2011年)之修訂的前強制生效日期，並將於完成對聯營公司及合營公司會計處理的更廣泛檢討後釐定新強制生效日期。然而，該等修訂現時可供採納。

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**2.3 ISSUED BUT NOT YET EFFECTIVE
HONG KONG FINANCIAL
REPORTING STANDARDS (Continued)**

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standard. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group plans to adopt the transitional provisions in HKFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018. In addition, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018.

The Group expects that the transitional adjustment to be made on 1 January 2018 upon initial adoption of HKFRS 15 will not be material. However, the expected changes in accounting policies, as further explained below, will have a material impact on the Group's financial statements from 2018 onwards. During 2017, the Group has performed a detailed assessment on the impact of the adoption of HKFRS 15.

The Group sells completed properties in the Mainland China. The expected impacts arising from the adoption of HKFRS 15 on the Group are summarised as follows:

**2.3 已頒佈但尚未生效之香港財務
報告準則(續)**

香港財務報告準則第15號於2014年7月頒佈，建立一個新的五步模式，以將客戶合約收益入賬。根據香港財務報告準則第15號，收益按能反映實體預期就向客戶轉讓貨物或服務而換取有權獲得的代價金額確認。香港財務報告準則第15號的原則為計量及確認收益提供更多系統的方法。該準則亦引入廣泛的定性及定量披露規定，包括分拆收益總額、關於履行責任、不同期間之間合約資產及負債賬目結餘的變動以及主要判斷及估計的資料。該準則將取代香港財務報告準則項下所有現時收益確認的規定。於初始應用該準則時，需要作出完全追溯應用或經修改追溯採納。於2016年6月，香港會計師公會頒佈香港財務報告準則第15號之修訂，針對識別履約責任的執行問題、有關委託人與代理人及知識產權許可使用的應用指引，以及過渡方法。該等修訂亦擬協助確保實體在採納香港財務報告準則第15號時能夠貫徹應用此準則，以及降低應用該準則的成本及化繁為簡。本集團計劃採納香港財務報告準則第15號之過渡性規定，以確認初始採納之累計影響為對2018年1月1日期初保留盈利結餘之調整。此外，本集團計劃僅對於2018年1月1日前尚未完成之合約應用新規定。

本集團預期將於初始採納香港財務報告準則第15號後於2018年1月1日作出之過渡性調整將並不重大。然而，誠如下文所進一步闡述，會計政策之預期變動將會對本集團自2018年起之財務報表造成重大影響。於2017年內，本集團已經就採納香港財務報告準則第15號之影響進行詳細評估。

本集團在中國大陸出售已竣工物業。採納香港財務報告準則第15號對本集團產生之預期影響概述如下：

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**2.3 ISSUED BUT NOT YET EFFECTIVE
HONG KONG FINANCIAL
REPORTING STANDARDS (Continued)****Timing of revenue recognition**

Currently, sale of completed properties is recognised when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the completed properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sale agreements, and the collectability of related receivables is reasonably assured. Upon the adoption of HKFRS 15, revenue from the sale of completed properties will be recognised when control over the properties is transferred to the buyers. Judgement will be required to assess whether control transfers over time or at a point of time. Properties that have no alternative use to the Group due to contractual restriction and which the Group has an enforceable right to payment from the customers for performance completed to date, the Group will recognise revenue as the performance obligations are satisfied over time by applying an input method for measuring progress. The Group has assessed that the sale agreements used by the Group are standardised in a large extent and in the case of pre-completion sales using standard agreements for sale and purchase, the Group does not have an enforceable right to payment for performance completed to date in accordance with HKFRS 15, and accordingly, the criteria for recognising revenue over time are not met. The Group expects to recognise the sale of completed properties until the point in time at which the Group delivers the properties to the buyers. The Group does not anticipate that the application of HKFRS 15 will have a material impact on the timing of revenue recognised in the respective periods.

**2.3 已頒佈但尚未生效之香港財務
報告準則(續)****收入確認之時間**

目前，銷售已竣工物業於物業擁有權之重大風險及回報已轉移至買方時確認，前提是本集團並無維持與擁有權通常相關之管理參與程度，亦並非對已竣工物業作出實質控制，即於相關物業經已竣工，且物業經已根據銷售協議交付予買方，而相關應收款項之可收回性可獲得合理保證之時。於採納香港財務報告準則第15號後，銷售已竣工物業之收入將於物業之控制權轉移至買方時確認。隨時間流逝或於某一時點須就評估是否已轉移控制權作出判斷。就由於合約限制而本集團並無其他用途且本集團有可強制執行權利就迄今已完成履約自客戶收款之物業，本集團將確認收入為隨時間流逝達成之履約責任，方式為就計量進度應用輸入數據法。本集團已評估，本集團所用之銷售協議大致上標準化，而就使用標準買賣協議之竣工前銷售而言，根據香港財務報告準則第15號，本集團並無可強制執行權利獲得迄今已完成履約之付款，故並不符合隨時間流逝確認收入之準則。本集團預期會於本集團向買方交付物業之時點方確認銷售已竣工物業。本集團預計應用香港財務報告準則第15號將不會對於相關期間確認收入之時間造成重大影響。

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**2.3 ISSUED BUT NOT YET EFFECTIVE
HONG KONG FINANCIAL
REPORTING STANDARDS (Continued)****Sales commission**

The Group pays commission to the sales agents when agreement for sale and purchase is signed with property buyer. Following the adoption of HKFRS 15, incremental costs of obtaining a contract, including sales commission, if recoverable, are capitalised as an asset and shall be amortised on a systematic basis that is consistent with the transfer of the related property to the customer. Currently, the Group capitalised the sales commission as an asset until it is recognised in the profit or loss at the same time when revenue from the related completed property is recognised. Accordingly, the adoption of HKFRS 15 will not have a material impact for the sales commission in the respective periods.

Financing component for sale of completed properties

HKFRS 15 requires property developers to account for the financing component in a contract separately from revenue if the financing effects are significant, subject to a practical expedient where the period between the payment and delivery of properties will be less than one year. Currently, it is expected that the length of time between the payment and delivery of properties of the Group's projects will exceed one year. Accordingly, the financing component is considered to be significant. The amount of the financing component is estimated at the contract inception and the payment plan is confirmed by the property buyer by using a discount rate that would be reflected in a separate financing transaction between the Group and the customer reflecting the credit characteristics of the Group as well as any collateral or security provided. Interest expense is recognised only to the extent that a contract liability (receipts in advance) is recognised in accounting for the contract with the customer. The Group expects an adjustment to reduce the current year opening retained profits with a corresponding increase in receipts in advance.

**2.3 已頒佈但尚未生效之香港財務
報告準則(續)****銷售佣金**

當與物業買方簽訂買賣協議時，本集團會向銷售代理支付佣金。於採納香港財務報告準則第15號後，取得合約之增量成本(包括銷售佣金)如可予收回，則作為資產撥充資本，並將有系統地按與轉移相關物業予客戶一致之方式攤銷。目前，本集團會將銷售佣金作為資產撥充資本，直至其於自確認相關已竣工物業之收益的同時在損益內確認為止。因此，採納香港財務報告準則第15號將不會對相關期間之銷售佣金造成重大影響。

銷售已竣工物業之融資部分

香港財務報告準則第15號規定物業開發商將合約之融資部分與收入分開入賬(倘融資影響屬重大)，惟受限於付款與物業交付之間的期間將少於一年之實務情況。目前，預期付款與交付本集團項目之物業之間的時間將超過一年。因此，融資部分被視作重大。融資部分之金額乃於合約起始時估計，而付款計劃乃由物業買方藉使用將反映於本集團與客戶之間可反映本集團信貸特性以及所提供之任何抵押品或抵押之獨立融資交易之折現率確認。利息開支僅以合約負債(預收款項)就與客戶之合約入賬確認為限予以確認。本集團預期會對本年度之期初保留利潤作出調整，而預收款項會相應地增加。

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**2.3 ISSUED BUT NOT YET EFFECTIVE
HONG KONG FINANCIAL
REPORTING STANDARDS (Continued)**

HKFRS 16, issued in May 2016, replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases — Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17.

**2.3 已頒佈但尚未生效之香港財務
報告準則(續)**

香港財務報告準則第16號於2016年5月頒佈，取代香港會計準則第17號租賃、香港(國際財務報告解釋委員會)解釋公告第4號確定一項安排是否包含租賃、香港(常設解釋委員會)解釋公告第15號經營租賃 — 激勵措施，以及香港(常設解釋委員會)解釋公告第27號評價涉及租賃法律形式交易的實質。該項準則載列確認、計量、呈列及披露租賃的原則，並要求承租人就絕大多數租賃確認資產及負債。該準則包含兩項對承租人的選擇性確認豁免 — 低值資產租賃及短期租賃。承租人將於租賃開始當日確認一項作出租賃付款的負債(即租賃負債)及一項代表租賃期內使用相關資產的權利之資產(即使用權資產)。除非使用權資產符合香港會計準則第40號對於投資物業的定義或有關應用重估模式之物業、廠房及設備類別，否則，其後使用權資產須按成本減累計折舊及任何減值虧損計算。其後，租賃負債的增加乃反映租賃負債的利息，或因租賃付款而減少。承租人將須分開確認租賃負債的利息開支及使用權資產的折舊開支。若干事件發生(如租賃期改變及未來租賃付款因用以釐定該付款的指數或費率有所變動而改變)後，承租人亦須重計量租賃負債。承租人一般會將重新計算的租賃負債金額確認為使用權資產的調整。香港財務報告準則第16號大致保留香港會計準則第17號對出租人的會計要求。出租人將繼續採用香港會計準則第17號所載的相同分類原則將所有租賃分類，分為經營租賃或融資租賃。香港財務報告準則第16號要求承租人及出租人作出相較香港會計準則第17號項下更為廣泛的披露。

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**2.3 ISSUED BUT NOT YET EFFECTIVE
HONG KONG FINANCIAL
REPORTING STANDARDS (Continued)**

Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt HKFRS 16 from 1 January 2019. The Group is currently assessing the impact of HKFRS 16 upon adoption and is considering whether it will choose to take advantage of the practical expedients available and which transition approach and reliefs will be adopted. As disclosed in note 42(b) to the financial statements, at 31 December 2017, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately RMB5,058,000. Upon adoption of HKFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption.

In January 2018, the HKICPA issued HKFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, HKFRS 17 will replace the existing HKFRS 4 *Insurance Contracts*. The standard applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of the standard is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in HKFRS 4, which are largely based on grandfathering previous local accounting policies, the standard provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of the standard is the general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach)
- a simplified approach (the premium allocation approach) mainly for short-duration contracts.

**2.3 已頒佈但尚未生效之香港財務
報告準則(續)**

承租人可選擇使用完全追溯方式或經修改追溯方式應用該準則。本集團預期將自2019年1月1日起採納香港財務報告準則第16號。本集團目前正在評估香港財務報告準則第16號於採納後之影響，並正考慮其是否選擇利用可動用實務情況，以及將會採納何種過渡性方針及寬免。誠如財務報表附註42(b)所披露，於2017年12月31日，本集團根據不可撤銷經營租賃擁有未來最低租賃付款合同約人民幣5,058,000元。於採納香港財務報告準則第16號後，當中所計入之若干金額可能需要確認為新使用權資產及租賃負債。然而，將需要作出進一步分析以釐定將予確認之新使用權資產及租賃負債之金額，包括但不限於與低值資產租賃及短期租賃有關之任何金額、所選擇之其他實務情況及寬免，以及於採納日期前訂立之新租賃。

於2018年1月，香港會計師公會頒佈香港財務報告準則第17號，其為有關保險合約之全面新訂會計準則，涵蓋確認及計量、呈列及披露。一經生效，香港財務報告準則第17號將取代現行香港財務報告準則第4號保險合約。該準則適用於所有類別保險合約（即人壽、非人壽、直接保險及再保險），而不論實體出具之類別，以及具有酌情參與特性之若干擔保及金融工具。少數範疇例外情況將適用。該準則之整體目標為為保險公司提供更為有用及一致之保險合約會計處理模式。與香港財務報告準則第4號之規定（大致上建基於承繼過往當地會計政策）相反，該準則就保險合約提供全面模式，涵蓋所有相關會計處理方面。該準則之核心為整體模式，並由下列各項補充：

- 特定調整具有直接參與功能之合約（可變費用方針）
- 簡化方針（保費分配方針），主要用於短期合約。

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**2.3 ISSUED BUT NOT YET EFFECTIVE
HONG KONG FINANCIAL
REPORTING STANDARDS (Continued)**

HKFRS 17 is effective for reporting periods beginning on or after 1 January 2021. Early application is permitted, provided the entity also applies HKFRS 9 and HKFRS 15 on or before the date it first applies HKFRS 17. The standard is not expected to have any impact on the Group.

Amendments to HKAS 28 issued in January 2018 clarify that the scope exclusion of HKFRS 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 HKFRS 9, rather than HKAS 28, including the impairment requirements under HKFRS 9, in accounting for such long-term interests. HKAS 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 expects to adopt the amendments on 1 January 2019 and will assess its business model for such long-term interests based on the facts and circumstances that exist on 1 January 2019 using the transitional requirements in the amendments. The Group also intends to apply the relief from restating comparative information for prior periods upon adoption of the amendments.

Amendments to HKAS 40, issued in April 2017, clarify when an entity should transfer property, including property under construction or development, into or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to the changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at the date that it first applies the amendments and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application is only permitted if it is possible without the use of hindsight. The Group expects to adopt the amendments prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

**2.3 已頒佈但尚未生效之香港財務
報告準則(續)**

香港財務報告準則第17號於2021年1月1日或之後開始之報告期間生效，允許提前應用，前提是實體亦於其首次應用香港財務報告準則第17號當日或之前應用香港財務報告準則第9號及香港財務報告準則第15號。該準則預期將不會對本集團造成任何影響。

香港會計準則第28號之修訂於2018年1月頒佈，澄清香港財務報告準則第9號範疇例排除情況僅包括於聯營公司或合營公司之權益，當中應用權益法，且並不包括實質上組成聯營公司或合營公司淨投資一部分之長期權益(當中並無應用權益法)。因此，實體就有關長期權益之會計處理應用香港財務報告準則第9號，而非香港會計準則第28號(包括香港財務報告準則第9號項下之減值規定)。僅就確認聯營公司或合資公司之虧損及聯營公司或合資公司淨投資之減值而言，香港會計準則第28號其後方適用於淨投資(包括長期權益)。本集團預期將於2019年1月1日採納該等修訂，並將按照於2019年1月1日存在之事實及情況使用該等修訂中之過渡性規定評估其有關該等長期權益之業務模式。本集團亦擬於採納該等修訂後應用有關重列過往期間可資比較資料之寬免。

香港會計準則第40號之修訂於2017年4月頒佈，澄清實體應轉移物業(包括在建或發展中物業)至或自投資物業之時間。該等修訂列明用途變動於物業符合或不再符合投資物業之定義且存在用途變動之證據時出現。僅管理層有意改變物業用途之變動並非用途變動之證據。該等修訂應前瞻地應用於實體首次應用該等修訂之年度報告期間開始之時或之後之用途變動。實體應於其首次應用該等修訂當日重新評估所持物業之分類，倘適用，則重新分類物業以反映於當日存在之情況。僅當可能並無採用後見之明下，方會允許作出追溯應用。本集團預期將自2018年1月1日起前瞻地採納該等修訂。該等修訂預期將不會對本集團之財務報表造成任何重大影響。

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**2.3 ISSUED BUT NOT YET EFFECTIVE
HONG KONG FINANCIAL
REPORTING STANDARDS (Continued)**

HK(IFRIC)-Int 22, issued in June 2017, provides guidance on how to determine the date of the transaction when applying HKAS 21 to the situation where an entity receives or pays advance consideration in a foreign currency and recognises a non-monetary asset or liability. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset (such as a prepayment) or non-monetary liability (such as deferred income) arising from the payment or receipt of the advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the entity must determine the transaction date for each payment or receipt of the advance consideration. Entities may apply the interpretation on a full retrospective basis or on a prospective basis, either from the beginning of the reporting period in which the entity first applies the interpretation or the beginning of the prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Group expects to adopt the interpretation prospectively from 1 January 2018. The amendments are not expected to have any significant impact on the Group's financial statements.

HK(IFRIC)-Int 23, issued in July 2017, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 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. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

**2.3 已頒佈但尚未生效之香港財務
報告準則(續)**

香港(國際財務報告解釋委員會)解釋公告第22號於2017年6月頒佈,就於應用香港會計準則第21號如何釐定實體以外幣收取或支付墊支代價並確認非貨幣資產或負債之情況之交易日期提供指引。該解釋澄清,就釐定匯率而用於初始確認相關資產、開支或收入(或其一部分)之交易日期為實體初始確認支付或收取墊支代價所產生之非貨幣資產(如預付款項)或非貨幣負債(如遞延收入)之日期。倘於確認相關項目前有多項付款或收款,則實體必須釐定各項支付或收取墊支代價之交易日期。實體可按完全追溯基準或前瞻基準,於實體首次應用該解釋之報告期間開始起或於實體首次應用該解釋之報告期間之財務報表呈列為可資比較資料之前一報告期間起應用該解釋。本集團預期將自2018年1月1日起前瞻地採納該解釋。該等修訂預期將不會對本集團之財務報表造成任何重大影響。

香港(國際財務報告解釋委員會)解釋公告第23號於2017年7月頒佈,處理當稅務處理涉及影響應用香港會計準則第12號之不確定性(通常稱為「不明確稅務狀況」)時對所得稅(即期及遞延)之會計處理。該解釋並不適用於香港會計準則第12號範疇以外之稅項或徵費,亦並無具體包括有關利息之規定及與不明確稅務處理相關之處罰。該解釋具體處理(i)實體是否獨立考慮不明確稅務處理;(ii)實體就檢查稅務機關進行之稅務處理所作出之假設;(iii)實體如何釐定應課稅利潤或稅務虧損、稅基、未動用稅務虧損、未動用稅務抵免及稅率;及(iv)實體如何考慮事實及情況之變動。該解釋將追溯應用,即完全追溯而並無採用後見之明或追溯而應用之累計影響作為對於初始應用當日之期初權益之調整,而並無重列可資比較資料。本集團預期將自2019年1月1日起採納該解釋。該解釋預期將不會對本集團之財務報表造成任何重大影響。

Notes to Financial Statements (Continued)
財務報表附註(續)

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2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Annual Improvements to HKFRSs 2014-2016 Cycle, issued in March 2017, sets out amendments to HKFRS 1, HKFRS 12 and HKAS 28. Except for the amendments to HKFRS 12 which have been adopted by the Group for the current year's financial statements, the Group expects to adopt the amendments from 1 January 2018. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments to HKFRS 1 and HKAS 28 are as follows:

- **HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards*:** Deletes the short-term exemptions for first-time adopters because the reliefs provided in the exemptions are no longer applicable.
- **HKAS 28 *Investments in Associates and Joint Ventures*:** Clarifies that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries when applying the equity method. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (i) the investment entity associate or joint venture is initially recognised; (ii) the associate or joint venture becomes an investment entity; and (iii) the investment entity associate or joint venture first becomes a parent. These amendments should be applied retrospectively.

2.3 已頒佈但尚未生效之香港財務 報告準則(續)

香港財務報告準則2014年至2016年週期之年度改進於2017年3月頒佈，載列香港財務報告準則第1號、香港財務報告準則第12號及香港會計準則第28號之修訂。除香港財務報告準則第12號之修訂已獲本集團於本年度財務報表採納外，本集團預期將自2018年1月1日起採納該等修訂。該等修訂預期一概將不會對本集團造成重大財務影響。香港財務報告準則第1號及香港會計準則第28號之修訂詳情如下：

- 香港財務報告準則第1號首次採納香港財務報告準則：刪除首次採納者之短期豁免，原因是豁免中提供之寬免不再適用。
- 香港會計準則第28號聯營公司及合營公司投資：澄清屬創業資本組織之實體或其他合資格實體可於初始確認時按逐項投資選擇按公允值計入損益計量其於聯營公司及合營公司之投資。倘實體本身並非於屬投資實體之聯營公司或合營公司擁有權益之投資實體，該實體可選擇該投資實體聯營公司或合營公司在應用權益法時對投資實體聯營公司或合營公司於附屬公司之權益之公允值計量。該選擇乃於(i)初始確認投資實體聯營公司或合營公司；(ii)聯營公司或合營公司成為投資實體；及(iii)投資實體聯營公司或合營公司成為母公司當日(以較後者為準)，分開就各投資實體聯營公司或合營公司作出。該等修訂應追溯應用。

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**2.3 ISSUED BUT NOT YET EFFECTIVE
HONG KONG FINANCIAL
REPORTING STANDARDS (Continued)**

Annual Improvements to HKFRSs 2015-2017 Cycle, issued in February 2018, sets out amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23. The Group expects to adopt the amendments from 1 January 2019. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendments are as follows:

- **HKFRS 3 *Business Combinations*:** Clarifies that, when an entity obtains control of a business that is a joint operation, it must apply the requirements for a business combination achieved in stages and remeasure its entire previously held interest in the joint operation at fair value.
- **HKFRS 11 *Joint Arrangements*:** Clarifies that when an entity that participates in but does not have joint control of a joint operation, obtains joint control over that joint operation that is a business, it does not remeasure the interest it previously held in that joint operation.
- **HKAS 12 *Income Taxes*:** Clarifies that an entity recognises all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend.
- **HKAS 23 *Borrowing Costs*:** Clarifies that an entity treats as part of general borrowings any specific borrowing originally made to develop a qualifying asset, and that is still outstanding, when substantially all of the activities necessary to prepare that asset for its intended use or sales are complete.

**2.3 已頒佈但尚未生效之香港財務
報告準則(續)**

香港財務報告準則2015年至2017年週期之年度改進於2018年2月頒佈，載列香港財務報告準則第3號、香港財務報告準則第11號、香港會計準則第12號及香港會計準則第23號之修訂。本集團預期將自2019年1月1日起採納該等修訂。該等修訂預期一概將不會對本集團造成重大財務影響。該等修訂之詳情如下：

- **香港財務報告準則第3號業務合併：**澄清當實體取得屬共同營運之業務之控制權時，其必須應用有關分階段達成業務合併之規定，並按公允值重新計量其過往於共同營運中持有之全部權益。
- **香港財務報告準則第11號合營安排：**澄清當實體參與但並無取得共同營運之共同控制權，取得屬於業務之共同營運之共同控制權時，其不會重新計量其過往於該共同營運中持有之權益。
- **香港會計準則第12號所得稅：**澄清實體在損益、其他全面收益或權益內確認股息之所有所得稅後果，視乎實體確認發起交易或產生可分派利潤以導致股息之事件之處而定。
- **香港會計準則第23號借貸成本：**澄清當使資產準備作其擬定用途或銷售所需之所有活動完成時，實體會將原先用作發展合資格資產而仍然尚未清償之任何特定借貸視為一般借貸之一部分。

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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 a 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 associates 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 and 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**於聯營公司及合營公司投資**

聯營公司指本集團擁有一般不少於20%股本投票權的長期權益且本集團對其可行使重大影響力的實體。重大影響力為參與投資對象的財務及營運政策決定的權力，惟並非控制或共同控制該等政策。

合營公司指一種共同安排，對安排擁有共同控制權的訂約方據此對合營公司的資產淨值擁有權利。共同控制指按照合約協定對一項安排所共有的控制，共同控制僅在有關活動要求享有控制權的訂約方作出一致同意的決定時方存在。

本集團於聯營公司及合營公司的投資乃按本集團根據權益會計法應佔資產淨值減任何減值虧損於綜合財務狀況表列賬。

本集團應佔聯營公司及合營公司收購後業績及其他全面收益分別計入綜合損益表及綜合其他全面收益表。此外，倘於聯營公司或合營公司的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公司間交易產生的未變現收益及虧損將以本集團於聯營公司及合營公司的投資為限對銷，惟倘未變現虧損提供所轉讓資產減值的憑證則除外。收購聯營公司或合營公司所產生的商譽已計入作本集團於聯營公司或合營公司的投資的一部分。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**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 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 either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 主要會計政策概要(續)**業務合併及商譽**

業務合併乃以收購法入賬。轉讓之代價乃以收購日期公允值計量，該公允值為本集團所轉讓資產於收購日期之公允值、本集團向被收購方前擁有人承擔的負債及本集團發行以換取被收購方控制權之股本權益總和。就各項業務併購而言，本集團選擇以公允值或被收購方可識別資產淨值的應佔比例，計算屬現時擁有人權益並賦予擁有人權利在清盤時按比例分佔淨資產之於被收購方之非控股權益。非控股權益之一切其他部分乃按公允值計量。收購相關成本於產生時列為開支。

當本集團收購業務時，須根據合約條款、收購日期之經濟環境及相關條件對所承擔金融資產及負債進行評估，以適當分類及確認，包括將嵌入式衍生工具與被收購方主合約分開。

倘業務合併按階段進行，先前持有的股權按收購日期的公允值重新計量，因而產生之任何收益或虧損於損益確認。

收購方將轉撥的任何或然代價按收購日期的公允值確認。分類為資產或負債之或然代價按公允值計量，而公允值變動於損益確認。倘或然代價歸類為權益毋須重新計量，其日後結算於權益內入賬。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Business combinations and goodwill (Continued)**

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 主要會計政策概要(續)**業務合併及商譽(續)**

商譽按成本進行初步計量，即已轉讓代價、非控股權益之確認金額及本集團先前所持於被收購方之股本權益任何公允值之總額超出所收購可識別資產淨值及所承擔負債之差額。倘總代價及其他項目之總和低於所收購資產淨值之公允值，則於重新評估後之差額會於損益確認為議價收購收益。

初步確認後，商譽按成本減任何累計減值虧損計量。商譽每年就減值進行測試，倘有事件或情況變化顯示賬面值可能出現減值跡象，則進行更為頻密之測試。本集團會對12月31日的商譽進行年度減值測試。就進行減值測試而言，業務合併中購入之商譽由收購日期起，被分配到預期將從合併之協同效應中受益之本集團各現金產生單位(或現金產生單位組別)，而不論本集團之其他資產或負債是否被分配至該等單位或單位組別。

減值按對與商譽有關之現金產生單位(現金產生單位組別)可收回金額進行之評估釐定。倘現金產生單位(現金產生單位組別)之可收回金額少於其賬面值，則確認減值虧損。就商譽確認之減值虧損不會於隨後期間撥回。

當商譽獲分配至現金產生單位(或現金產生單位組別)而出售該單位之某部分業務，則於釐定出售之收益或虧損時，與出售業務相關之商譽將包括在該業務之賬面值內。在此等情況下出售之商譽將以出售業務和保留之現金產生單位部分相對價值為基礎作計量。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Fair value measurement**

The Group measures its investment properties and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | |
|---------|---|
| Level 1 | — based on quoted prices (unadjusted) in active markets for identical assets or liabilities |
| Level 2 | — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly |
| Level 3 | — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

2.4 主要會計政策概要(續)**公允值計量**

本集團於各報告期間結束時按公允值計量其投資物業及衍生金融工具。公允值為市場參與者於計量日期在有序交易中出售資產所收取或轉讓負債所支付的價格。公允值計量乃假設出售資產或轉讓負債的交易於資產或負債主要市場或(在無主要市場情況下)資產或負債的最具優勢市場進行。主要或最具優勢市場須為本集團可進入的市場。資產或負債的公允值乃基於市場參與者為資產或負債定價時所用的假設計量(假設市場參與者依照彼等的最佳經濟利益行事)。

非金融資產的公允值計量須計及市場參與者通過使用該資產的最高及最佳用途或將該資產出售予將使用其最高及最佳用途的另一市場參與者而產生經濟效益的能力。

本集團採納適用於不同情況且具備充分數據以供計量公允值的估值方法，以盡量使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。

所有公允值於財務報表計量或披露的資產及負債乃基於對公允值計量整體而言屬重大的最低層輸入數據按以下所述公允值層級分類：

- | | |
|-----|--|
| 第一級 | — 基於相同資產或負債於活躍市場的報價(未經調整) |
| 第二級 | — 基於對公允值計量而言屬重大的可觀察(直接或間接)最低層輸入數據的估值方法 |
| 第三級 | — 基於對公允值計量而言屬重大的不可觀察最低層輸入數據的估值方法 |

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Fair value measurement (Continued)**

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 investment properties, properties under development, properties held for sale, land held for property development for sale, deferred tax assets and financial 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.

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.

2.4 主要會計政策概要(續)**公允值計量(續)**

就按經常性基準於財務報表確認的資產及負債而言，本集團透過於各報告期間結束時重新評估分類(基於對公允值計量整體而言屬重大的最低層輸入數據)釐定是否發生層級內不同等級的轉移。

非金融資產減值

倘有跡象顯示存在減值，或倘需就資產進行年度減值測試(不包括投資物業、在建物業、持作銷售用途的物業、持作物業開發銷售用途的土地、遞延稅項資產及金融資產)便會估計資產的可收回金額。資產的可收回金額按資產或現金產生單位的使用價值與公允值減出售成本之較高者而計算，並就個別資產而釐定，除非該資產並不產生很大程度上獨立於其他資產或資產組別的現金流入，在此情況下可收回金額按資產所屬現金產生單位釐定。

減值虧損僅於資產賬面值超過其可收回金額時予以確認。於評估使用價值時，估計未來現金流量按可反映現時市場對貨幣時間價值及資產特定風險的評估的稅前折現率折現至其現值。減值虧損會於產生期間在損益表中於與已減值資產功能相符的開支項目扣除。

於各報告期間結束時，會評估是否有任何跡象顯示先前確認的減值虧損可能不再存在或可能已減少。倘有該跡象，便會估計可收回金額。先前就資產(商譽除外)確認的減值虧損，僅於用以釐定該資產的可收回金額的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的賬面值(扣除任何折舊／攤銷)。撥回的減值虧損於其產生期間計入損益表。

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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)**關連方**

在下列情況下，有關方將被視為本集團的關連方：

- (a) 該方為個人或其家族的近親且該人士
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團行使重大影響力；或
 - (iii) 為本集團或其母公司的主要管理人員的成員；

或

- (b) 該方為下列任何條件適用的實體：
 - (i) 該實體與本集團為相同集團的成員公司；
 - (ii) 一家實體為另一家實體(或另一家實體的母公司、附屬公司或同系附屬公司)的聯營公司或合營公司；
 - (iii) 該實體及本集團為相同第三方的合營公司；
 - (iv) 一家實體為第三方實體的合營公司而另一家實體為該第三方實體的聯營公司；
 - (v) 該實體為本集團或與本集團相關實體的僱員福利的退休後福利計劃；
 - (vi) 該實體受(a)所指個人控制或共同控制；

Notes to Financial Statements (Continued)
財務報表附註(續)

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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. 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)

關連方(續)

(b) (續)

- (vii) (a)(i)所指個人對該實體行使重大影響力或為該實體(或該實體母公司)主要管理人員的成員；及
- (viii) 實體或實體作為集團任何成員公司其中一部分向本集團或本集團的母公司提供主要管理人員服務。

物業、廠房及設備與折舊

物業、廠房及設備(在建工程除外)按成本減累計折舊及任何減值虧損列賬。物業、廠房及設備項目成本包括其購買價及使資產處於擬定用途的運作狀況及地點而產生的任何直接應佔成本。物業、廠房及設備項目投入運作後產生的支出(例如維修及保養)，一般於其產生期間自損益表扣除。倘確認條件已達成，主要檢查的支出作為重置費而於資產賬面值撥充資本。倘物業、廠房及設備的主要部分須分階段置換，本集團將有關部分相應確認為具特定使用年期的個別資產，並對該等資產相應作出折舊。

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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:

Leasehold land and buildings	Over the shorter of lease terms and 20 years
Leasehold improvements	Over the shorter of lease terms and 5 years
Hotel properties	Over the shorter of lease terms and 20 years
Furniture, fixtures and office equipment	2 to 5 years
Motor vehicles	2 to 5 years
Yacht	20 years

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.

2.4 主要會計政策概要 (續)**物業、廠房及設備與折舊 (續)**

折舊以直線法計算，按每項物業、廠房及設備項目的估計可使用年期撇銷其成本至其剩餘價值。就此而採用的主要年率如下：

租賃土地及樓宇	按租約年期與20年兩者中較短者
租賃物業裝修	按租約年期與5年兩者中較短者
酒店物業	按租約年期與20年兩者中較短者
傢俬、裝置及辦公室設備	2至5年
汽車	2至5年
遊艇	20年

倘一項物業、廠房及設備項目各部分的可使用年期並不相同，該項目的成本將按合理基礎分配至各部分，而各部分將作個別折舊。

剩餘價值、可使用年期及折舊方法最少須於各財政年度完結時予以審閱，並在適當情況下作出調整。

Notes to Financial Statements (Continued)
財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

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 hotel property under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings 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.

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed.

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

2.4 主要會計政策概要(續)

物業、廠房及設備與折舊(續)

一項物業、廠房及設備項目(包括初步確認的任何重大部分)於出售時或估計其使用或出售不再產生未來經濟利益時，將不再確認。於不再確認資產年度因其出售或報廢並在損益表確認的任何損益，乃為有關資產的出售所得款項淨額與賬面值的差額。

在建工程即以成本減任何減值虧損列賬且並不作折舊的在建酒店物業。該成本包括建設期間的直接建設成本及有關借款資金的資本化借貸成本。當竣工及可供使用時，該等在建工程重新分類為適當類別的物業、廠房及設備。

投資物業

投資物業為於土地及樓宇持作賺取租金收入及／或用作資本增值的權益，而非用作生產或提供貨物或服務或作行政用途；或於日常業務過程中銷售。該等物業初步以成本(包括交易成本)計量。於初步確認後，投資物業乃按反映報告期間結束時的市場狀況的公允值列賬。

未來用作投資物業之在建或開發中物業列為在建投資物業。倘無法可靠釐定公允值，則在建投資物業將以成本計量，直至釐定公允值或建設項目已竣工為止。

因投資物業公允值變動所帶來的損益於產生期間計入損益表。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Investment properties (Continued)**

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the period of the retirement or disposal.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in the statement of profit or loss.

For a transfer from inventories to investment properties, any difference between the fair value of the property at the date of change in use and its then carrying amount is recognised in the statement of profit or loss.

Operating leases

Leases that transfer 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.

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.

2.4 主要會計政策概要(續)**投資物業(續)**

報廢或出售投資物業的任何收益或虧損於報廢或出售期間的損益表確認。

當本集團完成自建投資物業的施工或開發時，該物業於竣工日期的公允值與其以往賬面值的任何差額於損益表確認。

倘存貨轉撥為投資物業，該物業於更改用途當日的公允值與當時的賬面值之任何差額則於損益表確認。

經營租賃

轉移資產所有權的絕大部分回報及風險仍歸出租人所有的租賃列為經營租賃。若本集團為出租人，由本集團按經營租賃租出的資產列入非流動資產，而根據經營租賃應收的租金於租期內以直線法計入損益表。若本集團為承租人，根據經營租賃的應付租金(扣除出租人給予的任何優惠)於租期內以直線法從損益表內扣除。

經營租賃下的預付土地租金初步以成本列賬，隨後於租期內以直線法確認。倘租賃付款無法於土地及樓宇成分之間可靠分配，全部租賃付款乃列入土地及樓宇的成本，作為物業、廠房及設備的融資租賃。

Notes to Financial Statements (Continued)
財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land held for development for sale

The land held for future development represents parcels of land owned by the Group for the purpose of development of properties for sale. The land is initially stated at cost less any impairment losses and is not depreciated. It is transferred to properties under development upon commencement of the related construction work in the property development project.

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 and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to properties held for sale.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

Cost of properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on the prevailing market conditions.

2.4 主要會計政策概要(續)

持作開發銷售用途的土地

持作日後開發的土地指本集團擁有用作開發作銷售用途物業的地塊。該土地初步按成本減任何減值虧損列賬且不予折舊。於物業開發項目中的相關建設工程動工時，其將被轉撥至在建物業。

在建物業

在建物業擬於竣工後持作銷售。

在建物業按成本及可變現淨值兩者的較低者列賬，包括由土地成本、建設成本、借貸成本、專業費用及其他可直接計入該等物業於開發期間產生的成本。

在建物業列為流動資產，惟預期有關物業開發項目的建設期將超過通常經營週期者除外。竣工後，物業轉撥為持作銷售用途的物業。

持作銷售用途的物業

持作銷售用途的物業乃按成本及可變現淨值兩者中的較低者列賬。

持作銷售用途的物業的成本乃以分配予未售物業的土地及樓宇成本總額予以釐定。

可變現淨值乃參照一般業務過程已售物業的銷售所得款項減適用可變銷售開支釐定，或參照管理層基於現行市況的估計釐定。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Investments and other financial assets*****Initial recognition and measurement***

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss or loans and receivables. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded 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:

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as other expenses in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set of for "Revenue recognition" below.

2.4 主要會計政策概要(續)**投資及其他金融資產*****初步確認及計量***

金融資產於初步確認時分類為按公允值計入損益的金融資產或貸款及應收款項。在初步確認金融資產時，乃以公允值加上收購金融資產應佔的交易成本計量，惟若按公允值計入損益的金融資產則除外。

所有一般金融資產買賣概於交易日(即本集團承諾購買或出售該資產當日)予以確認。一般買賣乃指按照一般市場規定或慣例在一定期間內交付資產的金融資產買賣。

後續計量

金融資產的後續計量根據其分類進行，該等金融資產分類如下：

(a) *按公允值計入損益的金融資產*

按公允值計入損益的金融資產包括持作買賣的金融資產及於首次確認時指定為按公允值計入損益的金融資產。倘收購金融資產旨在於短期內出售，則有關金融資產將分類為持作買賣。衍生工具包括個別內含衍生工具，除非獲指定為香港會計準則第39號界定的有效對沖工具，否則亦分類為持作買賣。

按公允值計入損益的金融資產按公允值於財務狀況表列賬，公允值淨額正變動則於損益表呈列為其他收入及收益，而公允值淨額負變動則呈列為其他開支。該等公允值變動淨額不包括該等金融資產所賺取的任何股息或利息，有關股息或利息乃根據下文「收入確認」載列之政策確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Investments and other financial assets (Continued)****Subsequent measurement (Continued)****(a) (Continued)**

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These 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.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

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)****(a) (續)**

於初次確認時指定為按公允值計入損益的金融資產於初次確認之日即被指定(僅當滿足香港會計準則第39號的標準時)。

倘主合約內含的衍生工具的經濟特徵及風險與主合約所述者並無密切關係，而主合約並非持作買賣用途或指定按公允值計入損益，則此等內含衍生工具以個別衍生工具入賬並按公允值記錄。此等內含衍生工具按公允值計量，而公允值變動於損益表內確認。倘合約條款變動大幅改變可能另行需要的現金流量或將金融資產自按公允值計入損益類別重新分類至其他類別時，方會重新評估。

(b) 貸款及應收款項

貸款及應收款項指具有固定或可釐定付款，且在活躍市場無報價的非衍生金融資產。於初步計量後，該等資產其後以實際利率法按攤銷成本減任何減值撥備計量。計算攤銷成本時，將計及任何收購折讓或溢價，且包括屬於實際利率不可分割部分的費用或成本。實際利率的攤銷納入損益表的其他收入及收益一項內。減值產生的虧損在損益表確認，就貸款而言，於融資成本確認，及就應收款項而言，於其他開支確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4 主要會計政策概要 (續)**金融資產減值**

本集團於各報告期間結束時評估是否存在客觀跡象顯示一項或一組金融資產出現減值。倘於初步確認資產後發生一項或多項事件對該項或該組金融資產的估計未來現金流量所造成的影響乃能夠可靠地估計，則存在減值。減值跡象可包括一名或一群債務人正面臨重大財務困難、違約或未能償還利息或本金、彼等有可能破產或進行其他財務重組，以及有可觀察得到的數據顯示估計未來現金流量出現可計量的減少，例如欠款數目變動或出現與違約相關的經濟狀況。

按攤銷成本列賬的金融資產

就按攤銷成本列賬的金融資產而言，本集團首先會按個別基準就個別屬重大的金融資產或按組合基準就個別不屬重大的金融資產，評估是否存在減值。倘本集團認定按個別基準經評估的金融資產（無論具重要性與否）並無客觀跡象顯示存有減值，則該項資產會歸入一組具有相似信貸風險特性的金融資產內，並共同評估該組金融資產是否存在減值。經個別評估減值的資產，其減值虧損會予以確認或繼續確認入賬，而不會納入綜合減值評估之內。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Impairment of financial assets (Continued)*****Financial assets carried at amortised cost (Continued)***

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

2.4 主要會計政策概要(續)**金融資產減值(續)*****按攤銷成本列賬的金融資產(續)***

已識別的任何減值虧損金額按該資產賬面值與估計未來現金流量(不包括並未產生的未來信貸虧損)現值的差額計量。估計未來現金流量的現值以金融資產的初始實際利率(即初步確認時計算的實際利率)折現。

該資產的賬面值會通過使用撥備賬而減少，而虧損金額於損益表確認。有關已減少賬面值的利息收入繼續產生，就計量減值虧損而言，利息收入乃以用作貼現日後現金流量的利率計算。若日後收回不可實現，且所有抵押品已變現或已轉至本集團，則撇銷貸款及應收款項連同任何相關撥備。

倘在其後期間估計減值虧損金額因確認減值後發生的事項而增加或減少，則透過調整撥備賬增加或減少先前確認的減值虧損。倘日後作出的撇銷其後可收回，則可收回款項將計入損益表的其他開支。

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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 the consideration that the Group could be required to repay.

2.4 主要會計政策概要(續)**不再確認金融資產**

金融資產(或一項金融資產的一部分或一組同類金融資產的一部分(倘適用))主要在下列情況下不再確認(即自本集團的綜合財務狀況表內剔除):

- 收取該項資產所得現金流量的權利已屆滿;或
- 本集團已轉讓自資產收取現金流量的權利,或須根據一項「轉付」安排,在未有嚴重延誤的情況下全數承擔向第三方支付所收取現金流量的責任;且本集團(a)已轉讓資產的絕大部分風險及回報,或(b)並無轉讓或保留資產的絕大部分風險及回報,但已轉讓資產的控制權。

倘本集團已轉讓其自一項資產收取現金流量的權利或訂立一項轉付安排,則其評估是否保留該資產的所有權風險及回報以及有關程度。當並無轉讓或保留該資產的絕大部分風險及回報,亦無轉讓該資產的控制權時,則本集團將按其持續參與的程度繼續確認已轉讓資產。在此情況下,本集團亦確認相關負債。已轉讓資產及相關負債乃以反映本集團已保留的權利及責任的基準計量。

以已轉讓資產擔保方式的持續參與按資產原賬面金額與本集團可能被要求償還的最高代價之間的較低者計量。

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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, 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, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, senior notes, and interest-bearing bank and other borrowings.

Subsequent measurement

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

(a) Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest 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****初步確認及計量**

金融負債於初步確認時劃分為按公允值計入損益的金融負債、貸款及借款，或指定為有效對沖中對沖工具的衍生工具(視情況而定)。

所有金融負債初步按公允值確認，而如屬貸款及借款，則扣除直接應佔交易成本。

本集團的金融負債包括貿易應付款項、其他應付款項及應計費用、優先票據以及計息銀行貸款及其他借貸。

後續計量

金融負債的後續計量根據其分類進行，而其分類如下：

(a) 貸款及借款

於初步確認後，計息銀行貸款及其他借貸其後以實際利率法按攤銷成本計量，若折現的影響並不重大，則按成本列賬。當不再確認負債時及在以實際利率法進行攤銷過程中，盈虧會在損益表確認。

攤銷成本於計及於購入時的任何折讓或溢價及屬實際利率不可或缺一部分的費用或成本後計算。實際利率攤銷計入損益表的融資成本內。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Financial liabilities (Continued)****Subsequent measurement (Continued)****(b) 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 contract at the higher of (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

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)****(b) 財務擔保合約**

本集團發出的財務擔保合約指該等要求本集團將須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支付到期款項而遭受損失的合約。財務擔保合約初步按公允值確認為負債，並就發出擔保直接應佔交易成本作出調整。於初步確認後，本集團按照：(i)於報告期間結束時必須履行當前責任的最佳估計費用的數額；及(ii)初步確認的數額減(如適用)累計攤銷的數額(以較高者為準)，計算財務擔保合約。

不再確認金融負債

當負債責任已解除、註銷或屆滿，則不再確認金融負債。

倘一項現有金融負債由同一貸款人貸出另一項條款存在重大區別的金融負債所取代，或現有負債的條款作出重大修改，則該項置換或修改按不再確認原有負債並確認新負債處理，而兩者的賬面值差額於損益表確認。

抵銷金融工具

倘目前存在法律上可強制執行的權利抵銷確認金額及計劃以淨額結算，或同時變賣資產及清償負債，金融資產及金融負債互相抵銷，並於財務狀況表內以淨額列示。

Notes to Financial Statements (Continued)
財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative financial instruments

Initial recognition and subsequent measurement

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.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

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.

Senior perpetual securities

Senior perpetual securities with no contracted obligation to repay the principal or to pay any distribution are classified as part of equity.

2.4 主要會計政策概要(續)

衍生金融工具

初步確認及後續計量

衍生金融工具初步按訂立衍生工具合約當日的公允值確認入賬，其後按公允值重新計算。衍生工具於公允值為正數時列作資產，而於公允值為負數時則列作負債。

衍生工具公允值變動而產生的任何盈虧均直接計入損益表。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款以及高流通性短期投資(即可隨時兌換為定額現金、價值變動風險不大及期限較短(一般不超過購買後三個月)的投資)，減去須於催繳時立刻償還、作為本集團現金管理操作一部分的銀行透支。

就綜合財務狀況表而言，現金及現金等價物包括手頭現金及銀行存款，包括用途不受限制的定期存款及性質與現金相似的資產。

高級永續證券

並無合約責任償還其本金或支付任何分派之高級永續證券分類為權益之一部分。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**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.

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.

2.4 主要會計政策概要(續)**撥備**

撥備乃於過往事件已導致產生現時責任(法律或推定)及日後可能需要流出資源以履行責任時予以確認,惟必須能可靠地估計責任的款額。

若折現影響重大,確認的撥備金額應為預期履行責任所需未來開支於報告期間結束時的現值。若折現現值隨時間而增加,則增加金額在損益表中列為融資成本。

所得稅

所得稅包括本期稅項及遞延稅項。有關於損益以外確認的項目的所得稅於損益以外確認,即於其他全面收入或直接於權益內確認。

本期稅項資產及負債,經計及本集團營運所在國家的現行解釋及慣例,根據於報告期間結束時已頒佈或實質已頒佈的稅率(及稅務法例)按預期將從稅務局收回或將支付予稅務局的金額計量。

根據於報告期間結束時,資產及負債的稅基與其於財務報告中的賬面金額之間的所有暫時性差額,以負債法計提遞延稅項撥備。

Notes to Financial Statements (Continued)
財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

- when the deferred tax liability arises from goodwill or 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 taxable temporary differences associated with interests in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, 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 interests in subsidiaries 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.

2.4 主要會計政策概要(續)

所得稅(續)

就所有應課稅暫時性差額確認遞延稅項負債，惟：

- 因商譽或初步確認一項交易(非業務合併)中的資產或負債所產生並於交易時對會計利潤或應課稅利潤或虧損不構成影響的遞延稅項負債除外；及
- 有關於附屬公司及合營公司權益的應課稅暫時性差額(其中撥回暫時性差額的時間可受控制，而暫時性差額於可預見的將來可能不會撥回)除外。

就所有可扣減暫時性差額、未動用稅項備抵及任何未動用稅務虧損結轉確認遞延稅項資產。遞延稅項資產僅以可能有應課稅利潤抵銷可扣減暫時性差額及可動用未動用稅項抵免與未動用稅項虧損的結轉為限確認，惟下列情況除外：

- 由初步確認一項交易(非業務合併)中的資產或負債所產生並於交易時對會計利潤或應課稅利潤或虧損不構成影響的有關可扣減暫時性差額的遞延稅項資產；及
- 有關於附屬公司及合營公司權益的可扣減暫時性差額，只限於暫時性差額將於可預見未來撥回及應有應課稅利潤可供動用暫時性差額時，方會確認遞延稅項資產。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Income tax (Continued)**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 主要會計政策概要(續)**所得稅(續)**

遞延稅項資產的賬面金額於各報告期間結束時予以審閱，並扣減至當不再可能有足夠應課稅利潤讓所有或部分遞延稅項資產被動用時為止。於各報告期間結束時對未被確認的遞延稅項資產進行重估，當可能有足夠應課稅利潤讓所有或部分遞延稅項資產被收回時，則會予以確認。

遞延稅項資產及負債根據於報告期間結束時已頒佈或實質已頒佈的稅率(及稅務法例)，按預期適用於資產變現或負債清還期間的稅率計算。

當及僅當本集團存在法律上可強制執行的權利以抵銷即期稅項資產與即期稅項負債，而遞延稅項資產及遞延稅項負債乃由同一稅務機關向同一應課稅實體徵收，或就不同應課稅實體徵收，而有意在日後預期清償或收回大額遞延稅項負債及資產之每段期間內，按淨額基準清償即期稅項負債與資產或同時變現資產及清償負債，方會抵銷遞延稅項資產與遞延稅項負債。

Notes to Financial Statements (Continued)
財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the completed properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sale agreement, and the collectability of related receivables is reasonably assured;
- (b) from the rendering of property management services, when the services have been rendered;
- (c) rental income, on a time proportion basis over the lease terms;
- (d) hotel revenue from room rentals, food and beverage and other ancillary services, when the services have been rendered; and
- (e) interest income, 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.

2.4 主要會計政策概要(續)

收入確認

收入於經濟利益有可能流入本集團及能可靠地計算時，根據以下基準確認：

- (a) 倘來自銷售竣工物業，於物業所有權的重大風險及回報已轉讓予買家，惟本集團須並無保留一般與所有權有關之管理權或對竣工物業之實際控制權，即當有關物業建築工程已竣工並已根據銷售協議交付予買家，且收取有關應收款項已得到合理保證時確認；
- (b) 倘來自提供物業管理服務，於提供服務時確認；
- (c) 倘為租金收入，以時間比例基準按租期確認；
- (d) 倘為來自房租、餐飲及其他配套服務的酒店收入，於提供服務時確認；及
- (e) 倘為利息收入，按累計基準採用於金融工具的預計年期或較短期間(如適用)將估計未來現金收入準確貼現至金融資產賬面淨額的利率，利用實際利率法確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**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 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 33 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 in employee benefit expense. 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.

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.

2.4 主要會計政策概要(續)**以股份為基礎付款**

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)按以股份為基礎付款形式收取酬金，而僱員則提供服務作為權益工具之代價(「權益結算交易」)。

與僱員權益結算交易之成本乃參考授出當日之公允值計量。公允值由外部估值師利用二項式模型釐定，有關進一步詳情載於財務報表附註33。

權益結算交易之成本在績效及／或服務條件達成之期間，連同權益之相應升幅一併確認。就權益結算交易於各報告期間結束時至歸屬日期間確認之累計開支，於僱員福利開支反映歸屬期屆滿之程度以及本集團就最終歸屬之權益工具數目之最佳估計。期內在損益表扣除或計入之金額，指於該期間期初及期終所確認之累計開支變動。

釐定獎勵獲授當日之公允值時，並不計及服務及非市場績效條件，惟在有可能符合條件的情況下，則評估為本集團對最終將會歸屬權益工具數目最佳估計之一部分。市場績效條件反映於獎勵獲授當日之公允值。獎勵之任何其他附帶條件(但不帶有服務要求)視作非歸屬條件。非歸屬條件反映於獎勵之公允值，除非同時具服務及／或績效條件，否則獎勵即時支銷。

Notes to Financial Statements (Continued)
財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

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.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 主要會計政策概要(續)

以股份為基礎付款(續)

因非市場績效及／或服務條件未能達成而最終無歸屬之獎勵並不確認為支出。凡獎勵包含市場或非歸屬條件，無論市場條件或非歸屬條件獲履行與否，而所有其他績效及／或服務條件均獲履行，則交易仍被視為一項歸屬。

倘權益結算交易獎勵之條款被修訂，如原獎勵條款獲履行，則確認最低開支，猶如條款未被修改。此外，如於修訂日期計算，修訂是增加以股份為基礎付款之公允值總額，或對僱員有利，則任何修訂將確認開支。

倘權益結算獎勵被註銷，則被視為已於註銷日期歸屬，而未就獎勵確認之任何開支則即時確認。這包括未能履行在本集團或僱員控制範圍以內之非歸屬條件之任何獎勵。然而，倘被註銷獎勵被新獎勵所取代，且新獎勵於授出日被指定為替代獎勵，則所註銷及新獎勵按猶如其為前段所述修訂原獎勵處理。

於計算每股盈利時，尚未行使之購股權之攤薄影響反映為額外股份攤薄。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Other 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 subsidiaries, joint ventures and associates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries, joint ventures and associates are required to contribute certain percentages of their 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)**其他僱員福利*****退休金計劃***

本集團根據強制性公積金計劃條例為合資格參與界定供款強制性公積金退休福利計劃(「強積金計劃」)的僱員推行強積金計劃。供款根據僱員基本薪金的百分比作出，並於供款根據強積金計劃的規則成為應付款項時於損益表中扣除。強積金計劃的資產獨立於本集團的資產，並於獨立管理基金中持有。本集團僱主的供款於向強積金計劃作出供款時全數歸屬於僱員。

本集團於中國大陸成立的附屬公司、合營公司及聯營公司的僱員須參與由地方市政府營辦的中央退休金計劃。該等附屬公司、合營公司及聯營公司須按其僱員基本薪金的若干百分比向該中央退休金計劃作出供款，並於供款根據中央退休金計劃的規則成為應付款項時於損益表中扣除。

借貸成本

直接歸屬於收購、建築或生產合資格資產(即必須長時間預備作擬定用途或銷售的資產)的借貸成本乃資本化為該等資產的部分成本。當此等資產幾近全部完成可作其擬定用途或銷售之時，該等借貸成本將停止資本化。特定用於合資格資產的借貸在其尚未支銷時用作暫時性投資所賺取的投資收入，乃於已資本化的借貸成本扣除。所有其他借貸成本於其產生期間支銷。借貸成本包括實體就借入資金所產生的利息及其他成本。

Notes to Financial Statements (Continued)
財務報表附註(續)

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Dividends

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.

Final dividends are recognised as a liability when they have been approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 11 to the financial statements.

Foreign currencies

These financial statements are presented in RMB. The Company's functional currency is Hong Kong dollars. In the opinion of the directors, as the Group's operations are mainly in the PRC, the use of RMB as the presentation currency is more appropriate for the presentation of the Group's results and financial position.

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 retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising from 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)

股息

由於本公司的組織章程大綱及細則授予董事宣派中期股息的權力，故中期股息乃同時建議及宣派。因此，中期股息於建議及宣派時即時被確認為負債。

末期股息於股東大會上獲股東批准時確認為負債。建議末期股息披露於財務報表附註11。

外幣

該等財務報表以人民幣呈列。本公司的功能貨幣為港幣。董事認為，由於本集團的業務主要位於中國，採用人民幣為呈列貨幣，對於呈列本集團的業績及財務狀況更為合適。

本集團的各個實體自行決定其功能貨幣，而納入各實體財務報表的項目則用該功能貨幣計量。本集團實體所記錄的外幣交易初步按交易日期各自的功能貨幣匯率換算入賬。於報告期間結束時以外幣計值的貨幣資產及負債，按有關功能貨幣的適用匯率重新換算。貨幣項目結算或換算產生之差額於損益表確認。按歷史成本以外幣計量的非貨幣項目，均採用初步交易日的匯率換算。按公允值以外幣計量的非貨幣項目，採用計量公允值當日的匯率換算。換算按公允值計量的非貨幣項目而產生的收益或虧損，按確認該項目的公允值變動的收益或虧損一致的方法處理（即公允值收益或虧損於其他全面收益或損益確認的項目，其換算差額亦分別於其他全面收益或損益確認）。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Foreign currencies (Continued)**

The functional currencies of the Company and certain overseas subsidiaries 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 the Company and overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

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

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

2.4 主要會計政策概要(續)**外幣(續)**

本公司及若干海外附屬公司的功能貨幣為不包括人民幣的幣種。於報告期間結束時，該等實體的資產及負債按報告期間結束時的適用匯率換算為人民幣，其損益表則按年內的加權平均匯率換算為人民幣。因此而產生的匯兌差額於其他全面收入內確認，並於外匯波動儲備累計。於出售外國業務時，與特定外國業務有關的其他全面收入部分於損益表確認。

就綜合現金流量表而言，海外附屬公司的現金流量按現金流量日期的適用匯率換算為人民幣。本公司及海外附屬公司於整個年度產生的經常性現金流量則按年內的加權平均匯率換算為人民幣。

3. 重要會計判斷及估計

編製本集團的財務報表要求管理層作出影響收入、開支、資產及負債呈報金額的判斷、估計及假設，並須作出相關披露及披露或然負債。然而，該等假設及估計的不明朗因素可能導致須對於未來受影響的資產或負債的賬面金額作出重大調整。

判斷

於應用本集團的會計政策過程中，除涉及估計的判斷外，管理層作出以下對在財務報表中確認的數額有重大影響的判斷：

經營租賃承擔 — 本集團作為出租人

本集團已就其投資物業組合訂立商用物業租約。本集團已根據對有關安排的條款及條件進行的評估決定保留以經營租賃方式出租的該等物業所有權的所有重大風險及回報。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Judgements (Continued)***Classification between investment properties and owner-occupied properties***

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification 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 in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention of 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 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 non-current assets if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties developed for sale are transferred to properties held for sale and are stated at cost, while the properties developed to earn rentals and/or for capital appreciation are transferred to investment properties and are subject to revaluation at each reporting date.

3. 重要會計判斷及估計(續)**判斷(續)*****投資物業及業主自用物業的分類***

本集團決定物業是否符合列作投資物業的資格，並已制定作出該判斷的準則。投資物業為持作賺取租金或作為資本增值或兩者的物業。因此，本集團考慮物業是否可以大致上獨立於本集團所持有的其他資產而自行產生現金流。

部分物業包括持作賺取租金或作為資本增值的部分，而另一部分則持作生產或供應貨物或服務或行政用途。倘該等部分可分開出售或根據融資租賃分開出租，則本集團會分開將有關部分列賬。倘該等部分不可分開出售，則僅在物業小部分持作生產或供應貨物或服務或行政用途的情況下列作投資物業。

判斷乃按照個別物業基準作出，以釐定配套服務是否重要，以致物業不符合投資物業資格。

投資物業及持作銷售用途的物業的分類

本集團開發持作銷售用途的物業及持作賺取租金及／或資本增值用途的物業。由管理層判斷一項物業是否指定為投資物業或持作銷售用途的物業。本集團於某項物業開發初期考慮其持有相關物業的意向。倘物業擬於竣工後出售，於建設過程中，相關的在建物業乃入賬列作在建物業，計入流動資產。然而倘物業擬持作賺取租金及／或資本增值用途，有關物業則入賬列作在建投資物業，計入非流動資產。待物業竣工後，開發作銷售用途的物業乃轉撥至持作銷售用途的物業項下，並按成本值列值，而開發作賺取租金及／或資本增值用途的物業乃轉撥至投資物業項下，並須於各報告日期重新估值。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Judgements (Continued)***Deferred tax on investment properties***

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax on investment properties, the directors have determined that the presumption set out in HKAS 12 *Income Taxes* that investment properties measured using the fair value model are recovered through sale is rebutted.

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.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2016 was RMB100,401,000 and was fully impaired in the current year. Further details are given in note 15 to the financial statements.

Estimation of net realisable value of properties under development and properties held for sale

Properties under development and properties held for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information. The carrying amounts of properties under development and properties held for sale at 31 December 2017 were RMB10,263,940,000 (2016: RMB21,156,179,000) and RMB8,121,694,000 (2016: RMB7,369,071,000), respectively.

3. 重要會計判斷及估計(續)**判斷(續)*****有關投資物業的遞延稅項***

就計量以公允值模型計量的投資物業產生的遞延稅項負債或遞延稅項資產而言，董事已審閱本集團的投資物業組合，並認為本集團的投資物業乃以通過時間的推移而非通過銷售消耗該投資物業所含絕大部分經濟利益為目標的商業模式持有。因此，於釐定本集團有關投資物業的遞延稅項時，董事確認，香港會計準則第12號*所得稅*所載的使用公允值模型計量投資物業透過銷售收回的假設已被推翻。

估計不明朗因素

以下為於報告期間結束時有關未來的主要假設及其他估計不明朗因素的主要來源，存在導致下一個財政年度內資產及負債賬面金額重大調整的重大風險。

商譽之減值

本集團最少每年一次釐定商譽有否減值，此須估計獲分配商譽之現金產生單位之使用價值。本集團估計使用價值，須估計現金產生單位之預期未來現金流量，以及須選出合適之貼現率，以計算該等現金流量之現值。於2016年12月31日，商譽之賬面值為人民幣100,401,000元，並已於本年度悉數減值。進一步詳情載於財務報表附註15。

估計在建物業及持作銷售用途的物業的可變現淨值

在建物業及持作銷售用途的物業按成本與可變現淨值兩者中的較低者列賬。於各個開發期每個單位的成本乃以加權平均法釐定。估計可變現淨值乃指根據所得最佳資料估算的估計售價減銷售開支及估計竣工成本(如有)。於2017年12月31日，在建物業及持作銷售用途的物業之賬面值分別為人民幣10,263,940,000元(2016年：人民幣21,156,179,000元)及人民幣8,121,694,000元(2016年：人民幣7,369,071,000元)。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty (Continued)***Allocation of construction cost on properties under development***

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 meter sold during the year multiplied by the average cost per square meter of that particular phase of the project. The carrying amount of properties under development at 31 December 2017 was RMB10,263,940,000 (2016: RMB21,156,179,000).

PRC corporate income tax ("CIT")

The Group is subject to CIT in the PRC. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimates and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. 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. The carrying amount of corporate income tax payables at 31 December 2017 was RMB1,893,370,000 (2016: RMB1,576,914,000).

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 its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will have impact on the land appreciation tax expense and the related provision in the period in which the differences realise. The carrying amount of provision for land appreciation tax at 31 December 2017 was RMB1,505,218,000 (2016: RMB1,448,040,000).

3. 重要會計判斷及估計(續)**估計不明朗因素(續)*****在建物業的建築成本分攤***

於開發物業時，本集團一般會將開發項目分期開發。一個開發期的直接相關成本會作為該期的成本入賬。每期的共同成本會按每期的可銷售建築面積佔整個項目的可銷售建築面積總數的百分比，分攤至每期。售出單位成本按年內售出的平方米建築面積乘以該期項目的每平方米平均成本而釐定。於2017年12月31日，在建物業之賬面值為人民幣10,263,940,000元(2016年：人民幣21,156,179,000元)。

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。由於有關所得稅的若干事宜尚未被地方稅務局確認，於釐定所得稅撥備時要以目前頒佈的稅務法律、法規及其他相關政策作為基準作出客觀估計及判斷。倘該等事宜的最終稅款數額有別於原本記錄的數額，差異會在其實現的期間影響所得稅及稅項撥備。於2017年12月31日，應付企業所得稅之賬面值為人民幣1,893,370,000元(2016年：人民幣1,576,914,000元)。

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。土地增值稅的撥備是管理層根據對有關中國稅務法律及法規所載的要求的理解，作出的最佳估計。實際土地增值稅負債須於物業開發項目竣工後由稅務局釐定。本集團尚未與稅務局就若干物業開發項目敲定其土地增值稅的計算方法及付款。最終結果可能有別於初步記錄的款額，而任何差異會在其實現的期間影響土地增值稅開支及相關撥備。於2017年12月31日，土地增值稅撥備之賬面值為人民幣1,505,218,000元(2016年：人民幣1,448,040,000元)。

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

Estimation uncertainty (Continued)***Deferred tax assets***

Deferred tax assets are recognised for provision of land appreciation tax and fair value adjustments from acquisition of subsidiaries 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. The carrying amount of deferred tax assets at 31 December 2017 was RMB526,074,000 (2016: RMB371,456,000).

Fair value of investment properties

Investment properties including completed investment properties and investment properties under construction are revalued at the end of the reporting period on a market value, existing use basis by independent professionally qualified 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, information from current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the reporting date are used. Further details are given in note 14 to the financial statements.

3. 重要會計判斷及估計(續)**估計不明朗因素(續)*****遞延稅項資產***

僅在很可能取得應課稅利潤作抵銷虧損的情況下，方會確認土地增值稅及收購附屬公司產生之公允值調整撥備相關的遞延稅項資產。在釐定可予確認的遞延稅項資產款項時，須根據可能的時間、未來應課稅利潤的水準連同未來稅項計劃策略，作出重要的管理層判斷。於2017年12月31日，遞延稅項資產之賬面值為人民幣526,074,000元(2016年：人民幣371,456,000元)。

投資物業的公允值

投資物業包括已竣工投資物業及在建投資物業，乃由獨立專業合資格估值師於報告期間結束時按市值、現有用途基準重估。該等估值以若干假設為基準，受若干不確定因素影響，可能與實際結果有重大差異。於作出估計時，會考慮類似物業於活躍市場的現時價格的資料，並主要使用以報告日期當時的市況為基準的假設。進一步詳情載於財務報表附註14。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- (a) the property development segment engages in the development and sale of properties;
- (b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;
- (c) the property management segment engages in the provision of property management services;
- (d) the hotel operation segment engages in the operation of hotels; and
- (e) the others segment comprises corporate income and expense items.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources 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/(loss) before tax except that interest income and finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid corporate income tax, prepaid land appreciation tax, derivative financial instruments, restricted cash, and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, senior notes, corporate income tax payables, provision for land appreciation tax and deferred tax liabilities as these liabilities are managed on a group basis.

4. 經營分部資料

就管理而言，本集團乃以其產品及服務為基準，分為若干業務單位，且所擁有的五個可報告經營分部如下：

- (a) 物業開發分部從事物業開發及銷售；
- (b) 物業投資分部就物業的租金收入潛力及／或資本增值作出投資；
- (c) 物業管理分部提供物業管理服務；
- (d) 酒店經營分部從事酒店經營；及
- (e) 其他分部包括企業收入及支出項目。

管理層分別監測本集團經營分部的業績，旨在就資源分配及表現評估作出決策。分部表現按可報告分部的利潤／（虧損）作出評估，即經調整除稅前利潤／（虧損）的計量。經調整除稅前利潤／（虧損）的計量與本集團的除稅前利潤／（虧損）一致，惟利息收入及融資成本均不計入有關計量。

由於遞延稅項資產、預付企業所得稅、預付土地增值稅、衍生金融工具、受限制現金，以及現金及現金等價物乃按集團基準管理，因此該等資產不計入分部資產。

由於計息銀行及其他借貸、優先票據、應付企業所得稅、土地增值稅撥備及遞延稅項負債乃按集團基準管理，因此該等負債不計入分部負債。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

4. OPERATING SEGMENT INFORMATION (Continued)

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2017

4. 經營分部資料(續)

分部間銷售及轉讓乃參考按當時現行市價向第三方作出銷售的售價進行交易。

截至2017年12月31日止年度

		Property development 物業開發 RMB'000 人民幣千元	Property investment 物業投資 RMB'000 人民幣千元	Property management 物業管理 RMB'000 人民幣千元	Hotel operation 酒店經營 RMB'000 人民幣千元	Others 其他 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	向外部客戶作出的銷售額	21,213,375	140,287	328,518	18,493	—	21,700,673
Other income and gains	其他收入及收益	21,797	35,863	321	285	48,811	107,077
Total	總額	21,235,172	176,150	328,839	18,778	48,811	21,807,750
Segment results	分部業績	6,382,182	388,239	3	(19,460)	52,202	6,803,166
<i>Reconciliation:</i>	<i>對賬：</i>						
Interest income	利息收入						95,234
Finance costs	融資成本						(708,340)
Profit before tax	除稅前利潤						6,190,060
Income tax	所得稅						(3,062,991)
Profit for the year	年度利潤						3,127,069
Segment assets	分部資產	49,759,577	8,526,792	567,466	241,664	6,675,155	65,770,654
<i>Reconciliation:</i>	<i>對賬：</i>						
Elimination of intersegment receivables	撇銷分部間應收款						(4,251,670)
Corporate and other unallocated assets	企業及其他未分配資產						18,385,833
Total assets	資產總值						79,904,817

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2017 (Continued)

4. 經營分部資料(續)

截至2017年12月31日止年度(續)

		Property development 物業開發 RMB'000 人民幣千元	Property investment 物業投資 RMB'000 人民幣千元	Property management 物業管理 RMB'000 人民幣千元	Hotel operation 酒店經營 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment liabilities	分部負債	25,636,832	1,078,269	657,647	102,887	7,226,860	34,702,495
Reconciliation:	對賬:						
Elimination of intersegment payables	撇銷分部間應付款						(4,251,670)
Corporate and other unallocated liabilities	企業及其他未分配負債						32,010,756
Total liabilities	負債總額						62,461,581
Other segment information:	其他分部資料:						
Depreciation	折舊	29,896	18,139	3,378	9,017	22,356	82,786
Capital expenditure*	資本開支*	39,935	433,768	2,422	394,018	14,644	884,787
Fair value gain on investment properties, net	投資物業公允價值收益淨值	—	380,069	—	—	—	380,069
Impairment of goodwill	商譽減值	—	—	—	—	100,401	100,401
Share of profits and losses of joint ventures	應佔合營公司損益額	(64,719)	—	—	—	—	(64,719)
Share of profits and losses of associates	應佔聯營公司損益額	(18,771)	—	—	—	—	(18,771)
Investments in joint ventures	於合營公司投資	6,387,378	—	—	—	—	6,387,378
Investments in associates	於聯營公司投資	602,365	—	—	—	—	602,365

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

* 資本開支包括添置物業、廠房及設備及投資物業。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2016

4. 經營分部資料(續)

截至2016年12月31日止年度

		Property development 物業開發 RMB'000 人民幣千元	Property investment 物業投資 RMB'000 人民幣千元	Property management 物業管理 RMB'000 人民幣千元	Hotel operation 酒店經營 RMB'000 人民幣千元	Others 其他 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	向外部客戶作出的銷售額	13,345,450	124,151	181,825	20,402	—	13,671,828
Other income and gains	其他收入及收益	24,368	167,114	287	—	25,066	216,835
Total	總額	13,369,818	291,265	182,112	20,402	25,066	13,888,663
Segment results	分部業績	4,051,934	214,202	1,648	(399)	288,167	4,555,552
<i>Reconciliation:</i>	<i>對賬：</i>						
Interest income	利息收入						84,156
Finance costs	融資成本						(442,948)
Profit before tax	除稅前利潤						4,196,760
Income tax	所得稅						(2,108,274)
Profit for the year	年度利潤						2,088,486
Segment assets	分部資產	40,299,657	8,765,855	52,089	378,813	5,152,344	54,648,758
<i>Reconciliation:</i>	<i>對賬：</i>						
Elimination of intersegment receivables	撇銷分部間應收款						(4,208,277)
Corporate and other unallocated assets	企業及其他未分配資產						18,420,031
Total assets	資產總值						68,860,512

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2016 (Continued)

4. 經營分部資料(續)

截至2016年12月31日止年度(續)

		Property development 物業開發 RMB'000 人民幣千元	Property investment 物業投資 RMB'000 人民幣千元	Property management 物業管理 RMB'000 人民幣千元	Hotel operation 酒店經營 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment liabilities	分部負債	25,220,582	1,139,894	111,998	45,757	5,183,983	31,702,214
Reconciliation:	對賬:						
Elimination of intersegment payables	撇銷分部間應付款						(4,208,277)
Corporate and other unallocated liabilities	企業及其他未分配負債						29,693,839
Total liabilities	負債總額						57,187,776
Other segment information:	其他分部資料:						
Depreciation	折舊	10,333	12,214	3,313	4,469	8,417	38,746
Capital expenditure*	資本開支*	10,100	724,314	824	143,186	7,320	885,744
Fair value gain on investment properties, net	投資物業公允值收益淨值	—	97,392	—	—	—	97,392
Goodwill impairment	商譽減值	—	—	—	—	164,265	164,265
Share of profits and losses of joint ventures	應佔合營公司損益額	91,790	—	—	—	—	91,790
Share of profits and losses of associates	應佔聯營公司損益額	8,480	—	—	—	—	8,480
Investments in joint ventures	於合營公司投資	7,268,781	—	—	—	—	7,268,781
Investments in associates	於聯營公司投資	123,580	—	—	—	—	123,580

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

* 資本開支包括添置物業、廠房及設備及投資物業。

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

地區資料

由於本集團逾90%的外部客戶收入來自中國大陸及逾90%的分部資產位於中國大陸，故並無呈列地區資料。因此，董事認為，呈列地區資料不會提供更多對該等財務報表的使用者有用的資料。

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4. OPERATING SEGMENT INFORMATION (Continued)**Information about a major customer**

During the current and prior years, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the gross proceeds from the sale of properties, gross rental income from investment properties, property management fee income and gross revenue from hotel operation, all net of business tax, value-added tax and surcharges, during the year.

An analysis of the Group's revenue, other income and gains is as follows:

4. 經營分部資料(續)**有關一名主要客戶的資料**

於本年度及過往年度，並無來自與單一外部客戶交易的收入佔本集團收入總額的10%或以上。

5. 收入、其他收入及收益

收入指年內物業銷售所得款項總額、投資物業總租金收入、物業管理費收入及酒店經營總收入(均扣除營業稅、增值稅及附加稅項後)。

本集團的收入、其他收入及收益的分析載列如下：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Revenue	收入		
Sale of properties	物業銷售	21,213,375	13,345,450
Rental income from investment properties	投資物業租金收入	140,287	124,151
Property management fee income	物業管理費收入	328,518	181,825
Hotel operation income	酒店經營收入	18,493	20,402
		<u>21,700,673</u>	<u>13,671,828</u>
Other income and gains	其他收入及收益		
Bank interest income	銀行利息收入	95,234	84,156
Gain on disposal of investment properties, net	出售投資物業收益，淨額	4,024	171,590
Fair value gain on derivative financial instruments	衍生金融工具公允值收益	—	85,458
Foreign exchange differences, net	外匯差額，淨額	66,262	—
Others	其他	36,791	45,245
		<u>202,311</u>	<u>386,449</u>

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

6. FINANCE COSTS

An analysis of finance costs is as follows:

6. 融資成本

融資成本的分析如下：

		Notes	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
		附註		
Interest on bank loans, other loans, corporate bonds and senior notes	銀行貸款、其他貸款、 公司債券及優先票據 的利息		1,700,453	1,585,980
Less: Interest capitalised	減：資本化利息		(1,203,777)	(1,340,250)
			496,676	245,730
Loss on early redemption of senior notes	提前贖回優先票據之虧 損	29(a),(b)	211,664	101,903
Loss on early redemption of China Life Bonds	提前贖回中壽債券之 虧損		—	95,315
			708,340	442,948

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/
(crediting):

7. 除稅前利潤

本集團的除稅前利潤乃於扣除／(計入)以下
各項後得出：

		Notes 附註	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Cost of properties sold	已售物業成本		13,709,213	8,503,448
Cost of services provided	已提供服務成本		284,748	191,091
Depreciation	折舊	13	82,786	38,746
Gain on disposal of investment properties, net	出售投資物業的收益淨額		(4,024)	(171,590)
Loss on deemed disposal of subsidiaries upon loss of control	失去控制權時視作出售附屬公司的虧損	38(a)	17,479	—
Fair value loss/(gain) on derivative financial instruments, net	衍生金融工具公允價值虧損／(收益)淨額		61,548	(85,458)
Realised loss on derivative financial instruments	衍生金融工具已實現虧損		73,180	—
Impairment of goodwill*	商譽減值*	15	100,401	164,265
Minimum lease payments under operating leases	經營租賃項下的最低租賃付款		37,311	21,064
Auditor's remuneration	核數師薪酬		3,864	3,081
Employee benefit expense (including directors' and chief executive officer's remuneration (note 8))	僱員福利支出(包括董事及行政總裁薪酬(附註8))		241,722	158,021
Wages and salaries	工資及薪金		4,636	2,352
Equity-settled share option expense	以股權結算購股權開支		23,716	21,608
Retirement benefit scheme contributions	退休福利計劃供款		270,074	181,981
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	賺取租金之投資物業產生的直接經營支出(包括維修及維護)		23,658	18,377

* The impairment of goodwill is included in "Other expenses" in the consolidated statement of profit or loss.

* 商譽減值已包括於綜合損益表之「其他開支」中。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

8. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION

Directors' and chief executive officer'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:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Fees	袍金	519	533
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	4,278	5,588
Equity-settled share option expense	以權益結算的購股權開支	1,334	1,246
Pension scheme contributions	退休金計劃供款	72	70
		5,684	6,904
		6,203	7,437

During the current year and in prior years, certain directors and the chief executive officer were granted options, in respect of their services to the Group, under the share option scheme of the Company, further details of which 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 amounts included in the financial statements for the current and prior years are included in the above directors' and chief executive officer's remuneration disclosures.

8. 董事及行政總裁薪酬

本年度董事及行政總裁薪酬根據上市規則、香港公司條例第383(1)(a)、(b)、(c)及(f)條及公司(披露董事利益資料)規例第2部披露如下：

於本年度及過往年度，根據本公司購股權計劃，若干董事及行政總裁因彼等向本集團提供之服務而獲授購股權，有關進一步詳情載於財務報表附註33。該等購股權已於歸屬期在損益表內確認，其公允值乃於授出日期釐定，計入本年度及過往年度的財務報表的金額乃載入上述董事及行政總裁的薪酬披露。

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8. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION (Continued)

The remuneration of each of the directors and the chief executive officer is set out below:

8. 董事及行政總裁薪酬(續)

各位董事及行政總裁的薪酬載列如下：

		Fees	Salaries, allowances and benefits in kind	Equity-settled share option expense	Retirement benefit scheme contributions	Total remuneration
		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
2017	2017年					
Executive directors:	執行董事：					
Mr. Lam Lung On*	林龍安先生*	—	1,709	223	25	1,957
Ms. Kwok Ying Lan	郭英蘭女士	—	1,709	192	24	1,925
Mr. Lin Longzhi @	林龍智先生@	—	212	568	—	780
Mr. Lin Conghui	林聰輝先生	—	648	351	23	1,022
		—	4,278	1,334	72	5,684
Independent non-executive directors:	獨立非執行董事：					
Mr. Lam Kwong Siu	林廣兆先生	173	—	—	—	173
Mr. Wee Henny Soon Chiang	黃循強先生	173	—	—	—	173
Dr. Zhai Pu	翟普博士	173	—	—	—	173
		519	—	—	—	519
		519	4,278	1,334	72	6,203
2016	2016年					
Executive directors:	執行董事：					
Mr. Lam Lung On*	林龍安先生*	—	1,544	189	15	1,748
Ms. Kwok Ying Lan	郭英蘭女士	—	1,544	189	15	1,748
Mr. Lin Longzhi	林龍智先生	—	1,500	560	18	2,078
Mr. Lin Conghui	林聰輝先生	—	1,000	308	22	1,330
		—	5,588	1,246	70	6,904
Independent non-executive directors:	獨立非執行董事：					
Mr. Gu Jiande^	辜建德先生^	177	—	—	—	177
Mr. Lam Kwong Siu	林廣兆先生	177	—	—	—	177
Mr. Wee Henny Soon Chiang	黃循強先生	177	—	—	—	177
Dr. Zhai Pu#	翟普博士#	2	—	—	—	2
		533	—	—	—	533
		533	5,588	1,246	70	7,437

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8. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION (Continued)

- * Mr. Lam Lung On is also the chief executive officer of the Company.
^ Mr. Gu Jiande resigned as an independent non-executive director of the Company with effect from 28 December 2016.
@ Mr. Lin Longzhi resigned as an executive director of the Company with effect from 9 June 2017.
Dr. Zhai Pu was appointed as an independent non-executive director of the Company with effect from 28 December 2016.

There was no arrangement under which a director or the chief executive officer waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2016: four) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2016: one) non-director, highest paid employees for the year are as follows:

		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	1,462	1,183
Equity-settled share option expense	以權益結算的購股權開支	43	46
Pension scheme contributions	退休金計劃供款	31	18
		<u>2,036</u>	<u>1,247</u>

The remuneration of each of two non-director, highest paid employees for the year fell within the band of nil to HK\$1,000,000 and HK\$1,000,001 to HK\$1,500,000 (2016: HK\$1,000,001 to HK\$1,500,000).

During the year, share options were granted to the non-director, highest paid employee in respect of his services to the Group, further details of which are included in note 33 to the financial statements. The fair value of such options, which had been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the financial statements for the current and prior years is included in the above non-director, highest paid employees' remuneration disclosures.

8. 董事及行政總裁薪酬(續)

- * 林龍安先生亦為本公司之行政總裁。
^ 辜建德先生已辭任本公司獨立非執行董事，自2016年12月28日起生效。
@ 林龍智先生已辭任本公司執行董事，自2017年6月9日起生效。
翟普博士獲委任為本公司獨立非執行董事，自2016年12月28日起生效。

於年內，概無董事或行政總裁放棄或同意放棄任何薪酬的安排。

9. 五名最高薪僱員

於年內，五名最高薪僱員包括三名(2016年：四名)董事，該等董事的薪酬詳情載於上文附註8。餘下兩名(2016年：一名)非董事最高薪僱員的年度薪酬詳情如下：

該兩名非董事最高薪僱員各自的年度薪酬介乎港幣零元至港幣1,000,000元及港幣1,000,001元至港幣1,500,000元(2016年：港幣1,000,001元至港幣1,500,000元)之間。

於年內，該名非董事最高薪僱員因其向本集團提供之服務而獲授購股權，有關進一步詳情載於財務報表附註33。該等購股權已於歸屬期在損益表內確認，其公允值乃於授出日期釐定，計入本年及上年度的財務報表的金額乃計入以上非董事最高薪僱員的薪酬披露。

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10. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made for the prior year as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the prior year. The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the year.

An analysis of the income tax charges for the year is as follows:

10. 所得稅

由於本集團於年內並無在香港產生任何應課稅利潤，故毋須就香港利得稅作出撥備。由於本集團自過往年度結轉稅項虧損可用以抵銷過往年度產生的應課稅利潤，故並無於上一年度就香港利得稅作出撥備。於中國大陸經營的附屬公司的所得稅根據年內的應課稅利潤按適用稅率計算。

本年度所得稅支出的分析如下：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Current:	即期：		
PRC corporate income tax	中國企業所得稅	1,459,696	1,082,744
PRC land appreciation tax (note 30)	中國土地增值稅(附註30)	1,634,380	985,071
		<u>3,094,076</u>	<u>2,067,815</u>
Deferred (note 31):	遞延(附註31)：		
Current year	本年度	(31,085)	40,459
Total tax charge for the year	本年度稅項支出總額	<u>3,062,991</u>	<u>2,108,274</u>

Notes to Financial Statements (Continued)
財務報表附註(續)

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10. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for Mainland China in which the majority of the Group's subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate for the year, are as follows:

		2017		2016	
		RMB'000	%	RMB'000	%
		人民幣千元		人民幣千元	
Profit before tax	除稅前利潤	<u>6,190,060</u>		<u>4,196,760</u>	
Tax charge at the statutory income tax rate	按法定所得稅率計算的稅項開支	1,547,515	25.0	1,049,190	25.0
Expenses not deductible for tax	不可扣稅開支	140,394	2.3	276,025	6.5
Tax losses not recognised	未確認稅項虧損	149,297	2.4	44,255	1.1
LAT provided	已計提土地增值稅	1,634,380	26.4	985,071	23.5
Tax effect on LAT	土地增值稅的稅務影響	<u>(408,595)</u>	<u>(6.6)</u>	<u>(246,267)</u>	<u>(5.9)</u>
Tax charge at the Group's effective rate	按本集團實際稅率計算的稅項開支	<u>3,062,991</u>	<u>49.5</u>	<u>2,108,274</u>	<u>50.2</u>

The share of tax expense attributable to associates and joint ventures amounting to RMB49,000 (2016: Nil) and RMB106,933,000 (2016: RMB96,203,000), respectively, is included in "Share of profits and losses of joint ventures" and "Share of profits and losses of associates" in the consolidated statement of profit or loss.

10. 所得稅(續)

年內，採用本集團主要業務所在的中國大陸的法定稅率計算適用於除稅前利潤的稅項開支與按實際稅率計算的稅項開支的對賬，以及適用稅率(即法定稅率)與實際稅率的對賬如下：

應佔聯營公司及合營公司稅項開支分別為人民幣49,000元(2016年：零)及人民幣106,933,000元(2016年：人民幣96,203,000元)，已包括於綜合損益表之「應佔合營公司損益額」及「應佔聯營公司損益額」中。

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11. DIVIDENDS

11. 股息

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Interim — HK8.5 cents (2016: Nil) per ordinary share	中期股息 — 每股普通股 8.5港仙 (2016年：無)	280,829	—
Proposed final — HK21.5 cents (2016: HK22 cents) per ordinary share	擬派末期股息 — 每股普通股 21.5港仙 (2016年：22港仙)	780,314	741,822
		1,061,143	741,822

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

本年度擬派末期股息須待本公司股東於應屆股東週年大會批准後方可作實。

12. EARNINGS PER SHARE
ATTRIBUTABLE TO ORDINARY
EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted for the distribution related to senior perpetual securities, and the weighted average number of ordinary shares of 3,937,250,252 (2016: 3,815,999,999) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the consolidated profit attributable to ordinary equity holders, adjusted for the distribution related to senior perpetual securities, and the weighted average number of ordinary shares used in the calculation is the total of (i) the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and (ii) 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 (see below).

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按母公司普通權益持有人應佔年內利潤(已根據與高級永續證券有關的分派作出調整)，及年內已發行普通股加權平均數3,937,250,252股(2016年：3,815,999,999股)計算。

每股攤薄盈利金額乃按普通權益持有人應佔綜合利潤(已根據與高級永續證券有關的分派作出調整)計算，而計算所用的普通股加權平均數為(i)用於計算每股基本盈利的年內已發行普通股加權平均數之數目，及(ii)假設於所有具攤薄潛力之普通股被視作獲行使成普通股時已以無償形式發行的普通股加權平均數之總和(見下文)。

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財務報表附註(續)

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12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(Continued)

The calculations of the 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乃基於：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Earnings	盈利		
Profit attributable to owners of the parent	母公司擁有人應佔利潤	2,790,047	1,774,914
Distribution related to senior perpetual securities	有關高級永續證券的分派	(27,825)	—
Profit used in the basic and diluted earnings per share calculations	每股基本及攤薄盈利計算所用的利潤	2,762,222	1,774,914

		Number of shares 股份數目	
		2017	2016
Shares	股份		
Weighted average number of share options of ordinary shares in issue during the year, used in the basic earnings per share calculation	年內已發行普通股之購股權加權平均數，用於計算每股基本盈利	3,937,250,252	3,815,999,999
Effect of dilution of weighted average number of ordinary shares	普通股之加權平均數攤薄影響	40,073,703	15,699,096
Weighted average number of ordinary shares in issue during the year, used in the diluted earnings per share calculation	年內已發行普通股之加權平均數，用於計算每股攤薄盈利	3,977,323,955	3,831,699,095

Notes to Financial Statements (Continued)
財務報表附註(續)

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13. PROPERTY, PLANT AND EQUIPMENT 13. 物業、廠房及設備

		Leasehold land and buildings 租賃 土地及樓宇 RMB'000 人民幣千元	Hotel property 酒店物業 RMB'000 人民幣千元	Yacht improvements 遊艇 物業裝修 RMB'000 人民幣千元	Furniture, fixtures and office equipment 傢俬、裝置及 辦公室設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2017	2017年12月31日							
At 1 January 2017:	於2017年1月1日:							
Cost	成本	324,445	147,738	100,918	6,076	77,965	488,478	1,198,768
Accumulated depreciation	累計折舊	(31,324)	(20,331)	(2,494)	(2,592)	(37,969)	—	(137,033)
Net carrying amount	賬面淨額	293,121	127,407	98,424	3,484	15,179	488,478	1,061,735
At 1 January 2017, net of accumulated depreciation	於2017年1月1日，扣除累計折舊	293,121	127,407	98,424	3,484	15,179	488,478	1,061,735
Acquisition of subsidiaries (note 37(b))	收購附屬公司(附註37(b))	—	—	—	—	318	—	318
Additions	添置	43,490	—	—	6,739	16,552	394,018	477,566
Disposals	處置	—	—	—	(1,485)	(679)	—	(2,164)
Depreciation provided during the year	年內計提的折舊	(24,011)	(16,120)	(5,604)	(2,142)	(17,692)	—	(82,786)
Deemed disposal of subsidiaries upon loss of control (note 38(a))	失去控制權時視作出售附屬公司(附註38(a))	—	—	—	(422)	(302)	(572,524)	(573,248)
Transfers	轉讓	—	309,972	—	—	—	(309,972)	—
Exchange realignment	匯兌調整	—	—	(6,706)	—	—	—	(6,706)
At 31 December 2017, net of accumulated depreciation	於2017年12月31日，扣除累計折舊	312,600	421,259	86,114	8,081	13,376	—	874,715
At 31 December 2017:	於2017年12月31日:							
Cost	成本	367,935	457,710	92,767	12,815	90,343	—	1,089,137
Accumulated depreciation	累計折舊	(55,335)	(36,451)	(6,653)	(4,734)	(57,058)	—	(214,422)
Net carrying amount	賬面淨額	312,600	421,259	86,114	8,081	13,376	—	874,715

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

13. PROPERTY, PLANT AND EQUIPMENT (Continued) 13. 物業、廠房及設備(續)

		Leasehold land and buildings 租賃 土地及樓宇 RMB'000 人民幣千元	Hotel property 酒店物業 RMB'000 人民幣千元	Yacht 遊艇 RMB'000 人民幣千元	Leasehold improvements 租賃 物業裝修 RMB'000 人民幣千元	Furniture, fixtures and office equipment 傢俬、裝置及 辦公室設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
31 December 2016	2016年12月31日								
At 1 January 2016:	於2016年1月1日:								
Cost	成本	318,811	147,738	100,918	5,176	72,670	41,571	288,503	975,387
Accumulated depreciation	累計折舊	(16,396)	(15,866)	(3,431)	(2,457)	(33,326)	(33,279)	—	(104,755)
Net carrying amount	賬面淨額	302,415	131,872	97,487	2,719	39,344	8,292	288,503	870,632
At 1 January 2016, net of accumulated depreciation	於2016年1月1日，扣除累計折舊	302,415	131,872	97,487	2,719	39,344	8,292	288,503	870,632
Acquisition of subsidiaries	收購附屬公司	—	—	—	—	532	—	—	532
Additions	添置	—	—	—	900	6,759	11,577	143,186	162,422
Transfer from properties under development	轉撥自在建物業	—	—	—	—	—	—	56,789	56,789
Transfer from properties held for sale	轉撥自持作銷售用途的物業	5,634	—	—	—	—	—	—	5,634
Depreciation provided during the year	年內計提的折舊	(14,928)	(4,465)	(5,531)	(135)	(8,997)	(4,690)	—	(38,746)
Disposal of a subsidiary upon loss of control (note 38(b))	失去控制權時出售附屬公司(附註38(b))	—	—	—	—	(1,996)	—	—	(1,996)
Exchange realignment	匯兌調整	—	—	6,468	—	—	—	—	6,468
At 31 December 2016, net of accumulated depreciation	於2016年12月31日，扣除累計折舊	293,121	127,407	98,424	3,484	35,642	15,179	488,478	1,061,735
At 31 December 2016:	於2016年12月31日:								
Cost	成本	324,445	147,738	100,918	6,076	77,965	53,148	488,478	1,198,768
Accumulated depreciation	累計折舊	(31,324)	(20,331)	(2,494)	(2,592)	(42,323)	(37,969)	—	(137,033)
Net carrying amount	賬面淨額	293,121	127,407	98,424	3,484	35,642	15,179	488,478	1,061,735

Notes to Financial Statements (Continued)
財務報表附註(續)

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14. INVESTMENT PROPERTIES

14. 投資物業

		Completed 已竣工 RMB'000 人民幣千元	Under construction 在建 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Carrying amount at 1 January 2016	於2016年1月1日的賬面值	6,389,702	80,928	6,470,630
Additions	添置	273,499	449,823	723,322
Transfer upon completion	於竣工時轉撥	389,553	(389,553)	—
Transfer from properties under development	轉撥自在建物業	—	171,566	171,566
Transfer from properties held for sale	轉撥自持作銷售用途的物業	601,454	—	601,454
Disposals	出售	(546,187)	—	(546,187)
Net gains from fair value adjustments	公允值調整收益淨額	81,095	16,297	97,392
Carrying amount at 31 December 2016 and 1 January 2017	於2016年12月31日及2017年1月1日的賬面值	7,189,116	329,061	7,518,177
Additions	添置	124,677	282,544	407,221
Transfer upon completion	於竣工時轉撥	453,123	(453,123)	—
Transfer from properties held for sale	轉撥自持作銷售用途的物業	100,714	—	100,714
Deemed disposal of subsidiaries (note 38(a))	視作出售附屬公司(附註38(a))	—	(60,100)	(60,100)
Disposal	出售	(205,871)	—	(205,871)
Net gains/(losses) from fair value adjustments	公允值調整收益／(虧損)淨額	395,171	(15,102)	380,069
Carrying amount at 31 December 2017	於2017年12月31日的賬面值	8,056,930	83,280	8,140,210

Notes:

附註：

- (a) At 31 December 2017, certain of the Group's investment properties with an aggregate carrying amount of RMB2,900,445,000 (2016: RMB968,948,000) were pledged to banks to secure the bank loans granted to the Group (note 27(a)(ii)).

- (a) 於2017年12月31日，本集團若干當時賬面總值為人民幣2,900,445,000元(2016年：人民幣968,948,000元)的投資物業已抵押予銀行作為本集團獲授銀行貸款的抵押(附註27(a)(ii))。

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14. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

- (b) The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 42(a).
- (c) The Group's completed investment properties and investment properties under construction were revalued on 31 December 2017 and 2016 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professionally qualified valuers.

For completed investment properties, valuations were either based on the capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties or made with reference to comparable market transactions and consider adjustments to reflect differences in transaction timing, location and tenure.

For investment properties under construction which were stated at fair value at the end of the reporting period, valuations were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

In the opinion of the directors, for all investment properties that are measured at fair value, the current use of the properties is their highest and best use.

At 31 December 2017 and 2016, all of the investment properties were measured at fair value.

Fair value hierarchy

At 31 December 2017 and 2016, the fair value measurement of all of the Group's investment properties used significant unobservable inputs (Level 3) as defined in HKFRS 13.

During the year, there were no transfers of fair value measurements between Level 1 (quoted prices in active markets) and Level 2 (significant observable inputs) and no transfers into or out of Level 3 (2016: Nil).

14. 投資物業(續)

附註：(續)

- (b) 本集團的已竣工投資物業根據經營租賃出租予第三方，更多概要詳情載於附註42(a)。
- (c) 本集團的已竣工投資物業及在建投資物業由獨立專業合資格估值師仲量聯行企業評估及諮詢有限公司於2017年及2016年12月31日重估。

就已竣工投資物業而言，估值基於將來自現有租約的租金收入淨額資本化，並適當計入復歸業權可能帶來的收入，或參考可資比較市場交易，並考慮調整以反映交易時間、位置及租約的差別。

就於報告期間結束時按公允值入賬的在建投資物業而言，估值基於餘值法，並考慮預期建設成本及為完成開發將支出的成本以反映已竣工開發項目的品質，依據是該等物業將按本集團的最新開發計劃開發及完成。

董事認為，就按公允值計量的所有投資物業而言，該等物業的現有用途為其最高效及最佳用途。

於2017年及2016年12月31日，所有投資物業均按公允值計量。

公允值層級

於2017年及2016年12月31日，本集團所有投資物業的公允值乃採用非可觀察的主要輸入數據(第3級)(定義見香港財務報告準則第13號)計量。

年內，公允值計量並無於第1級(於活躍市場的報價)與第2級(可觀察的主要輸入數據)之間發生轉移，亦無轉入或轉出第3級(2016年：無)。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

14. INVESTMENT PROPERTIES (Continued)

14. 投資物業(續)

Notes: (Continued)

附註：(續)

(c) (Continued)

(c) (續)

Fair value hierarchy (Continued)

公允價值層級(續)

Descriptions of valuation techniques used and key inputs to valuation on investment properties:

對投資物業估值使用的估值方法及主要輸入數據說明：

	Valuation technique 估值方法	Significant unobservable inputs 非可觀察的主要輸入數據	Range or weighted average 範圍或加權平均	
			2017	2016
Completed 已竣工				
Retail 零售	Income approach 收入法	Estimated annual rental value/sq.m. (RMB) 估計每平方米年租金價值(人民幣元)	1,460-78,000	1,250-76,800
		Capitalisation rate 資本化率	3.5%-6.5%	2%-6%
Car parking spaces 停車場	Market approach 市場法	Unit price (RMB/unit) 單價(人民幣元/單位)	152,000-413,000	143,000-415,000
Retail 零售	Residual approach 餘值法	Estimated annual rental value/sq.m. (RMB) 估計每平方米年租金價值(人民幣元)	16,000-35,000	15,000-35,000
		Capitalisation rate 資本化率	5%	5%
		Development profit 開發利潤	15%	15%

A significant increase/(decrease) in estimated annual rental value per square meter in isolation would result in a significantly higher/(lower) fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties. A significant increase/(decrease) in unit price would result in a significantly higher/(lower) fair value of the investment properties. A significant increase/(decrease) in development profit in isolation would result in a significantly lower/(higher) fair value of the investment properties.

估計每平方米年租金價值單獨大幅增加／(減少)會令投資物業公允價值大幅增加／(減少)。資本化率單獨大幅增加／(減少)會令投資物業公允價值大幅減少／(增加)。單價大幅增加／(減少)會令投資物業公允價值大幅增加／(減少)。開發利潤單獨大幅增加／(減少)將導致投資物業的公允價值大幅減少／(增加)。

The valuation of car parking spaces was determined based on unit prices of comparable transactions with adjustment on dissimilar attributes.

停車場估值乃按可比較交易單價調整不同屬性釐定。

Development profit represented the adjustment on future uncertainty in respect of properties under construction.

開發利潤即在建物業未來不確定性調整。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

15. GOODWILL

15. 商譽

		RMB'000 人民幣千元
At 1 January 2016:	於2016年1月1日：	
Cost and net carrying amount	成本及賬面淨值	264,666
Cost at 1 January 2016, net of accumulated impairment	於2016年1月1日之成本，扣除累計減值	264,666
Impairment during the year	年內減值	(164,265)
At 31 December 2016	於2016年12月31日	100,401
At 31 December 2016:	於2016年12月31日：	
Cost	成本	264,666
Accumulated impairment	累計減值	(164,265)
Net carrying amount	賬面淨值	100,401
Cost at 1 January 2017, net of accumulated impairment	於2017年1月1日之成本，扣除累計減值	100,401
Impairment during the year	年內減值	(100,401)
At 31 December 2017	於2017年12月31日	—
At 31 December 2017:	於2017年12月31日：	
Cost	成本	264,666
Accumulated impairment	累計減值	(264,666)
Net carrying amount	賬面淨值	—

Impairment testing of goodwill

The Group's goodwill acquired through a business combination was allocated to a cash-generating unit for the property development segment, which principally engaged in the property development in the PRC, for impairment testing. The recoverable amount of the cash-generating unit of the property development segment was determined based on a value-in-use calculation using a cash flow projection based on a financial budget covering a two-year (2016: three-year) period approved by senior management.

商譽減值測試

為進行減值測試，本集團透過業務合併收購之商譽已分配至物業開發分部（主要於中國從事物業開發）之現金產生單位。物業開發分部現金產生單位之可收回金額乃按採用現金流量預測（以高級管理層批准之兩年（2016年：三年）期間財務預算為基準作出）計算的使用價值釐定。

31 December 2017 2017年12月31日

15. GOODWILL (Continued)**Impairment testing of goodwill (Continued)**

The development project comprises 2 phases. As at 31 December 2017, both Phases I and II were completed and the properties were substantially sold to and handed over to the buyers. In view of the above, the goodwill was fully impaired during the year ended 31 December 2017. The discount rate applied to the cash flow projection of the cash-generating unit was 11.22% for 2016.

Assumptions were used in the value-in-use calculation of the above mentioned property development segment's cash-generating unit for 31 December 2016. The following describes each key assumption on which management had based its cash flow projections to undertake impairment testing of goodwill:

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Business environment — There was no major change in the existing political, legal and economic conditions in the PRC in which the cash-generating unit carried on its business.

15. 商譽(續)**商譽減值測試(續)**

開發項目包括兩期。於2017年12月31日，一期及二期已經完工，大部分物業已出售及交樓予買家。鑒於上文所述，商譽已於截至2017年12月31日止年度悉數減值。計算現金產生單位之現金流量預測所用的折現率於2016年為11.22%。

計算上述物業開發分部之現金產生單位於2016年12月31日之使用價值已運用假設。下文載述管理層預測現金流量以進行商譽減值測試所依據的各項主要假設：

折現率 — 所用折現率為除稅前及反映相關單位的特定風險。

業務環境 — 現金產生單位開展業務所在的中國之現有政治、法律及經濟環境並無出現重大變動。

16. INVESTMENTS IN JOINT VENTURES**16. 於合營公司的投資**

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Share of net assets	應佔資產淨值	6,387,378	3,341,734
Loans to joint ventures	給予合營公司的貸款	—	3,927,047
		6,387,378	7,268,781

Notes:

- (a) The loans to the joint ventures as at 31 December 2016 were unsecured, interest-free and had no fixed terms of repayment. In the opinion of the directors, these loans were considered as part of the Group's net investment in the joint ventures.

The Group's other receivable balances due from joint ventures and other payable balances due to joint ventures are disclosed in note 21 and note 25 to the financial statements, respectively.

附註：

- (a) 於2016年12月31日，給予合營公司的貸款為無抵押、免息及無固定還款期。董事認為，該等貸款被視為本集團於合營公司的投資淨額的一部分。

本集團應收合營公司的其他應收款項結餘及應付該等合營公司的其他應付款項結餘分別披露於財務報表附註21及附註25。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

16. INVESTMENTS IN JOINT VENTURES (Continued)

Notes: (continued)

(b) Particulars of the Group's principal joint ventures are as follows:

16. 於合營公司的投資(續)

附註：(續)

(b) 本集團主要合營公司的詳情如下：

Company name 公司名稱	Registered and paid-up capital 註冊及繳足資本	Places of registration and business 註冊及經營地點	Percentage of 下列各項所佔百分比			Principal activity 主要業務
			Ownership interest 所有權權益	Voting power 投票權	Profit sharing 分佔利潤	
Xiamen Vanke Maluan Bay Properties Limited @ (Note)	RMB30,000,000	PRC/Mainland China	20%	20%	20%	Property development
廈門市萬科馬鑾灣置業有限公司 @ (附註)	人民幣30,000,000元	中國／中國大陸	20%	20%	20%	物業開發
Hefei Ruiyun Realty Co., Ltd. @ (Note)	RMB19,600,000	PRC/Mainland China	51%	51%	51%	Property development
合肥瑞雲置業有限公司 @ (附註)	人民幣19,600,000元	中國／中國大陸	51%	51%	51%	物業開發
Shanghai Zexiang Real Estate Development Co., Ltd.* ("Shanghai Zexiang") (Note)	RMB2,315,000,000	PRC/Mainland China	40%	40%	40%	Property development
上海澤翔房地產開發有限公司* (「上海澤翔」) (附註)	人民幣2,315,000,000元	中國／中國大陸	40%	40%	40%	物業開發
Fuzhou Zexiang Real Estate Development Co., Ltd. @ (Note)	RMB50,000,000	PRC/Mainland China	66%	66%	66%	Property development
福州澤翔房地產開發有限公司 @ (附註)	人民幣50,000,000元	中國／中國大陸	66%	66%	66%	物業開發
Nanjing Honghao Real Estate Development Co., Ltd. @ (Note)	RMB150,000,000	PRC/Mainland China	49%	49%	49%	Property development
南京弘濶房地產開發有限公司 @ (附註)	人民幣150,000,000元	中國／中國大陸	49%	49%	49%	物業開發
Shanghai Haoyi Real Estate Development Co., Ltd.* (Note)	RMB881,000,000	PRC/Mainland China	40%	40%	40%	Property development
上海灝溢房地產開發有限公司* (附註)	人民幣881,000,000元	中國／中國大陸	40%	40%	40%	物業開發

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

16. INVESTMENTS IN JOINT VENTURES
(Continued)

16. 於合營公司的投資(續)

Notes: (continued)

附註：(續)

(b) (continued)

(b) (續)

Company name 公司名稱	Registered and paid-up capital 註冊及繳足資本	Places of registration and business 註冊及經營地點	Percentage of 下列各項所佔百分比			Principal activity 主要業務
			Ownership interest 所有權權益	Voting power 投票權	Profit sharing 分佔利潤	
Zhongwei Properties Zhejiang Co., Ltd. @ ("Zhongwei") (Note)	RMB1,000,000,000	PRC/Mainland China	48.5%	48.5%	48.5%	Property development
中維地產浙江有限公司@ (「中維地產」)(附註)	人民幣1,000,000,000元	中國／中國大陸	48.5%	48.5%	48.5%	物業開發
Xiamen Yuliantai Real Estate Development Co., Ltd. @ (Note)	RMB50,000,000	PRC/Mainland China	51%	51%	51%	Property development
廈門禹聯泰房地產開發有限公司 @ (附註)	人民幣50,000,000元	中國／中國大陸	51%	51%	51%	物業開發
Hefei Zexiang Real Estate Development Co., Ltd. ("Hefei Zexiang") @ (Note)	RMB605,000,000	PRC/Mainland China	51%	51%	51%	Property development
合肥澤翔房地產開發有限公司 (「合肥澤翔」) @ (附註)	人民幣605,000,000元	中國／中國大陸	51%	51%	51%	物業開發
Xiamen Yuzhou Hotel Invest & Manage Co., Ltd. @ (Note)	RMB500,000,000	PRC/Mainland China	80%	80%	80%	Hotel operation
廈門禹洲酒店投資管理有限公司 @ (附註)	人民幣500,000,000元	中國／中國大陸	80%	80%	80%	酒店業務
Hefei Xiangzhou Real Estate Development Co., Ltd. @ (Note)	RMB667,000,000	PRC/Mainland China	75%	75%	75%	Property development
合肥翔洲房地產開發有限公司 @ (附註)	人民幣667,000,000元	中國／中國大陸	75%	75%	75%	物業開發
Hefei Bozhou Real Estate Development Co., Ltd. @ (Note)	RMB392,160,000	PRC/Mainland China	51%	51%	51%	Property development
合肥博洲房地產開發有限公司 @ (附註)	人民幣392,160,000元	中國／中國大陸	51%	51%	51%	物業開發

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

16. INVESTMENTS IN JOINT VENTURES
(Continued)

Notes: (continued)

(b) (continued)

Company name 公司名稱	Registered and paid-up capital 註冊及繳足資本	Places of registration and business 註冊及經營地點	Percentage of 下列各項所佔百分比			Principal activity 主要業務
			Ownership interest 所有權權益	Voting power 投票權	Profit sharing 分佔利潤	
Suzhou Haoyi Real Estate Development Co., Ltd. @ (Note) 蘇州灝溢房地產開發有限公司@ (附註)	RMB75,000,000 人民幣75,000,000元	PRC/Mainland China 中國／中國大陸	20%	20%	20%	Property development 物業開發
Tianjin Xuanyi Real Estate Development Co., Ltd. @ (Note) 天津軒溢房地產開發有限公司@ (附註)	RMB50,000,000 人民幣50,000,000元	PRC/Mainland China 中國／中國大陸	60%	60%	60%	Property development 物業開發
Zhangzhou Yuzhou Yixuan Real Estate Development Co., Ltd. @ (Note) 漳州市禹洲益軒房地產開發有限公司 @ (附註)	RMB8,000,000 人民幣8,000,000元	PRC/Mainland China 中國／中國大陸	51%	51%	51%	Property development 物業開發
Zhangzhou Yuzhou Yicheng Real Estate Development Co., Ltd. @ (Note) 漳州市禹洲益成房地產開發有限公司 @ (附註)	RMB8,000,000 人民幣8,000,000元	PRC/Mainland China 中國／中國大陸	40%	40%	40%	Property development 物業開發
Shanghai Chongming Yushang Property Co., Ltd. @ (Note) 上海崇明豫商置業有限公司@ (附註)	RMB20,000,000 人民幣20,000,000元	PRC/Mainland China 中國／中國大陸	80%	80%	80%	Property development 物業開發
Yangzhou Jinshi Real Property Co., Ltd. @ (Note) 揚州金獅房產有限公司@ (附註)	RMB306,866,667 人民幣306,866,667元	PRC/Mainland China 中國／中國大陸	40%	40%	40%	Property development 物業開發

All the above joint ventures are indirectly held by the Company and are not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

16. 於合營公司的投資(續)

附註：(續)

(b) (續)

上述所有合營公司均由本公司間接持有，且並非由香港安永會計師事務所或安永全球網絡之任何其他成員公司審核。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

16. INVESTMENTS IN JOINT VENTURES
(Continued)

Notes: (continued)

(b) (continued)

@ Registered as domestic limited liability companies under the PRC law.

* Registered as Sino-foreign equity entities under the PRC law.

Note: The English names of these entities represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English names.

(c) The following tables illustrate the summarised financial information in respect of three material joint ventures, namely, Shanghai Zexiang, Zhongwei and Hefei Zexiang, adjusted for any differences in accounting policies and reconciled to the carrying amounts in the financial statements:

Shanghai Zexiang

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Financial position	財務狀況		
Cash and cash equivalents	現金及現金等價物	174,563	99,667
Other current assets	其他流動資產	5,703,394	1,409,790
Properties under development	在建物業	3,134,925	2,540,433
Current assets	流動資產	9,012,882	4,049,890
Non-current assets	非流動資產	1,012	754
Current liabilities	流動負債	4,358,521	33,829
Non-current liabilities	非流動負債	2,400,000	1,543,000
Net assets	資產淨值	2,255,373	2,473,815
Reconciliation to the Group's interest in the joint venture:	與本集團於合營公司的權益對賬:		
Proportion of the Group's ownership	本集團之所有權百分比	40%	40%
Group's share of net assets of the joint venture	本集團分佔合營公司資產淨值	902,149	989,526
Carrying amount of the investment	投資賬面值	902,149	989,526
Operating performance	經營表現		
Interest income	利息收入	1,512	68
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	218,442	6,643

16. 於合營公司的投資(續)

附註：(續)

(b) (續)

@ 根據中國法律註冊為本地有限責任公司。

* 根據中國法律註冊為中外合資權益實體。

附註：由於該等實體並未註冊任何正式英文名稱，因此其英文名稱乃本公司管理層盡力直接翻譯其中文名稱而得出。

(c) 下表列示三間重要合營公司(即上海澤翔、中維地產及合肥澤翔)的財務資料概要(已就會計政策之任何差異作出調整及與財務報表賬面值對賬)：

上海澤翔

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

16. INVESTMENTS IN JOINT VENTURES (Continued)

Notes: (continued)

(c) (continued)

Zhongwei

16. 於合營公司的投資(續)

附註：(續)

(c) (續)

中維地產

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Financial position	財務狀況		
Cash and cash equivalents	現金及現金等價物	21,386	4,012
Other current assets	其他流動資產	4,007,278	261,768
Properties under development	在建物業	4,938,990	4,171,000
Current assets	流動資產	8,967,654	4,436,780
Non-current assets	非流動資產	1,018	1,996
Financial liabilities, excluding trade and other payables	財務負債，不包括貿易應付款和其他應付款	1,639,500	350,000
Other current liabilities	其他流動負債	3,918,788	708,879
Current liabilities	流動負債	5,558,288	1,058,879
Non-current liabilities	非流動負債	990,000	1,050,000
Net assets	資產淨值	2,420,384	2,329,897
Reconciliation to the Group's interest in the joint venture:	與本集團於合營公司的權益對賬：		
Proportion of the Group's ownership	本集團之所有權百分比	48.5%	48.5%
Group's share of net assets of the joint venture	本集團分佔合營公司資產淨值	1,173,886	1,130,000
Amount due from the joint venture	應收合營公司款項	—	439,130
Carrying amount of the investment	投資賬面值	1,173,886	1,569,130
Operating performance	經營表現		
Interest income	利息收入	502	91
Depreciation and amortisation	折舊及攤銷	132	306
Interest expense	利息開支	67	42,302
Profit/(loss) and total comprehensive income/(loss) for the year	年內利潤／(虧損)及全面收益／(虧損)總額	90,487	(47,584)

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

16. INVESTMENTS IN JOINT VENTURES
(Continued)

Notes: (continued)

(c) (continued)

Hefei Zexiang

16. 於合營公司的投資(續)

附註：(續)

(c) (續)

合肥澤翔

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Financial position	財務狀況		
Cash and cash equivalents	現金及現金等價物	7,752	6,637
Other current assets	其他流動資產	1,382,838	3,131,623
Properties under development	在建物業	2,320,695	—
Current assets	流動資產	3,711,285	3,138,260
Non-current assets	非流動資產	—	140
Current liabilities	流動負債	3,338,383	715,227
Non-current liabilities	非流動負債	—	1,865,000
Net assets	淨資產	372,902	558,173
Reconciliation to the Group's interest in the joint venture:	與本集團於合營公司的權益對賬：		
Proportion of the Group's ownership	本集團之所有權百分比	51%	51%
Group's share of net assets of the joint venture	本集團分佔合營公司資產淨值	190,180	284,668
Amount due from the joint venture	應收合營公司款項	—	714,040
Carrying amount of the investment	投資賬面值	190,180	998,708
Operating performance	經營表現		
Loss and total comprehensive loss for the year	年內虧損及全面虧損總額	185,271	45,073

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

16. INVESTMENTS IN JOINT VENTURES
(Continued)

Notes: (continued)

- (d) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Share of the joint ventures' profit for the year	分佔合營公司年度溢利	73,260	139,881
Share of the joint ventures' total comprehensive income	分佔合營公司全面收益總額	73,260	139,881
Aggregate carrying amount of the Group's investments in the joint ventures	本集團於合營公司之投資的賬面總值	4,121,163	3,719,231

- (e) Certain of the bank and other borrowings of the Group's joint ventures are secured by pledges over the Group's equity interests in the joint ventures with an aggregate carrying amount at the end of the reporting period of approximately RMB2,492,738,000 (2016: RMB2,911,402,000).

16. 於合營公司的投資(續)

附註：(續)

- (d) 下表列示本集團合營公司(並非屬重要)的整體財務資料：

- (e) 本集團合營公司的若干銀行及其他借款以本集團於合營公司的股權於報告期末的賬面總值約人民幣2,492,738,000元(2016年：人民幣2,911,402,000元)作抵押。

17. INVESTMENTS IN ASSOCIATES

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Share of net assets	應佔資產淨值	602,365	84,355
Loans to associates	給予聯營公司的貸款	—	39,225
		602,365	123,580

Notes:

- (a) The loans to the associates as at 31 December 2016 were unsecured, interest-free and had no fixed terms of repayment. In the opinion of the directors, these loans were considered as part of the Group's net investments in the associates.
- (b) The Group's other receivable balances due from associates and other payable balances due to an associate are disclosed in note 21 and note 25 to the financial statements, respectively.

附註：

- (a) 於2016年12月31日，給予聯營公司的貸款為無抵押、免息及無固定還款期。董事認為，該等貸款被視為本集團於聯營公司的投資淨額的一部分。
- (b) 本集團的應收聯營公司的其他應收款項結餘及應付一間聯營公司的其他應付款項結餘分別於財務報表附註21及附註25內披露。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

17. INVESTMENTS IN ASSOCIATES
(Continued)

17. 於聯營公司的投資(續)

Notes: (Continued)

附註：(續)

(c) Particulars of the Group's associates are as follows:

(c) 本集團聯營公司的詳情如下：

Company name 公司名稱	Registered and paid-up capital 註冊及繳足股本	Places of registration and business 註冊及經營地點	Percentage of ownership interest 本集團應佔所有權權益百分比	Principal activity 主要業務
Nanjing Qianjing Real Estate Development Co., Ltd. (Note) 南京乾景房地產開發有限公司(附註)	RMB170,000,000 人民幣170,000,000元	PRC/Mainland China 中國／中國大陸	40% 40%	Property development 物業開發
Hefei Xiangze Real Estate Development Co., Ltd. (Note) 合肥翔澤房地產開發有限公司(附註)	RMB170,000,000 人民幣170,000,000元	PRC/Mainland China 中國／中國大陸	35.9% 35.9%	Property development 物業開發
Tianjin Lianyu Real Estate Development Co., Ltd. (Note) 天津聯禹置業有限公司(附註)	RMB150,000,000 人民幣150,000,000元	PRC/Mainland China 中國／中國大陸	48% 48%	Property development 物業開發
Suzhou Yuzhou Xuanyi Real Estate Development Co., Ltd. (Note) 蘇州禹洲軒溢房地產開發有限公司(附註)	RMB50,000,000 人民幣50,000,000元	PRC/Mainland China 中國／中國大陸	40% 40%	Property development 物業開發
Xiamen Binxi Real Estate Development Co., Ltd. (Note) 廈門市濱溪置業有限公司(附註)	RMB100,000,000 人民幣100,000,000元	PRC/Mainland China 中國／中國大陸	15% 15%	Property development 物業開發
Taicang Yuzhou Yilong Real Estate Development Co., Ltd. (Note) 太倉禹洲益龍房地產開發有限公司(附註)	RMB500,000,000 人民幣500,000,000元	PRC/Mainland China 中國／中國大陸	23.3% 23.3%	Property development 物業開發
Nanjing Jiayang Real Estate Development Co., Ltd. (Note) 南京嘉陽房地產開發有限公司(附註)	RMB50,000,000 人民幣50,000,000元	PRC/Mainland China 中國／中國大陸	20% 20%	Property development 物業開發
Suzhou Jinshang Real Estate Development Co., Ltd. (Note) 蘇州勁商房地產開發有限公司(附註)	RMB1,200,000,000 人民幣1,200,000,000元	PRC/Mainland China 中國／中國大陸	33% 33%	Property development 物業開發

The Group's shareholdings in the associates all comprise equity shares held by the wholly-owned subsidiaries of the Company.

本集團於聯營公司的股權均包括本公司全資附屬公司持有的股權。

Note: The English names of these entities represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English names.

附註 由於該等實體並未註冊任何正式英文名稱，因此其英文名稱乃本公司管理層盡力直接翻譯其中文名稱而得出。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

17. INVESTMENTS IN ASSOCIATES (Continued)

Notes: (Continued)

- (d) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Share of the associates' profit for the year	分佔聯營公司年度溢利	(18,771)	(8,480)
Share of the associates' total comprehensive income	分佔聯營公司全面收益總額	(18,771)	(8,480)
Aggregate carrying amount of the Group's investments in the associates	本集團於聯營公司之投資的賬面總值	602,365	123,580

- (e) Certain of the bank and other borrowings of the Group's associates are secured by pledges over the Group's equity interests in the associates with an aggregate carrying amount at the end of the reporting period of approximately RMB16,535,000 (2016: Nil).

17. 於聯營公司的投資(續)

附註：(續)

- (d) 下表列示本集團聯營公司(並非屬重要)的整體財務資料：

- (e) 本集團聯營公司的若干銀行及其他借款以本集團於聯營公司的股權於報告期末的賬面總值約人民幣16,535,000元(2016年：零)作抵押。

18. LAND HELD FOR PROPERTY DEVELOPMENT FOR SALE

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Carrying amount at beginning of year	年初賬面金額	1,098,474	645,673
Additions during the year	年內添置	6,315,254	500,001
Acquisition of a subsidiary (note 37(b))	收購附屬公司(附註37(b))	1,945,572	4,096,813
Transfer from prepayments for acquisition of land	轉撥自收購土地預付款項	731,694	—
Transfer to properties under development	轉撥至在建物業	(702,297)	(4,144,013)
Carrying amount at end of year	年末賬面金額	9,388,697	1,098,474
Portion classified as current assets	分類為流動資產的部分	(9,173,473)	(883,250)
Non-current assets	非流動資產	215,224	215,224

At 31 December 2017, certain of the Group's land held for property development for sale with an aggregate carrying amount of RMB2,757,241,000 (2016: Nil) were pledged to banks to secure certain of the bank loans granted to the Group (note 27(a)(v)).

於2017年12月31日，本集團若干賬面總值為人民幣2,757,241,000元(2016年：零)的持作物業開發銷售用途的土地已抵押予銀行作為本集團獲授若干銀行貸款的抵押(附註27(a)(v))。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

19. PROPERTIES UNDER DEVELOPMENT 19. 在建物業

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Properties under development expected to be completed within normal operating cycle and classified as current assets are expected to be recoverable:	預期於日常經營週期內竣工及分類為流動資產的在建物業預期於下列期間內收回：		
Within one year	一年內	4,780,225	10,503,705
After one year	一年後	5,483,715	10,652,474
		<u>10,263,940</u>	<u>21,156,179</u>

At 31 December 2017, certain of the Group's properties under development with an aggregate carrying amount of RMB3,449,694,000 (2016: RMB14,231,535,000) were pledged to banks to secure certain of the bank loans granted to the Group (note 27(a)(i)).

於2017年12月31日，本集團若干賬面總值為人民幣3,449,694,000元(2016年：人民幣14,231,535,000元)的在建物業已抵押予銀行作為本集團獲授若干銀行貸款的抵押(附註27(a)(i))。

20. PROPERTIES HELD FOR SALE

At 31 December 2017, certain of the Group's properties held for sale with an aggregate carrying amount of RMB1,231,180,000 (2016: RMB1,091,540,000) were pledged to banks to secure certain of the bank loans granted to the Group (note 27(a)(iii)).

20. 持作銷售用途的物業

於2017年12月31日，本集團若干賬面總值為人民幣1,231,180,000元(2016年：人民幣1,091,540,000元)的持作銷售用途的物業已抵押予銀行以作為本集團獲授的若干銀行貸款的抵押(附註27(a)(iii))。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Prepayments	預付款	1,306,436	903,591
Deposits and other receivables	按金及其他應收款項	14,323,882	2,181,963
		15,630,318	3,085,554
Portion classified as current assets	分類為流動資產的部分	(15,630,318)	(2,876,651)
Non-current assets	非流動資產	—	208,903

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

At 31 December 2017, certain of the Group's other receivables with an aggregate carrying amount of RMB35,120,000 (2016: Nil) were pledged to banks to secure certain of the bank loans granted to the Group (note 27(a)(iv)).

As at 31 December 2017, included in the Group's other receivables are amounts due from joint ventures and associates of RMB7,085,196,000 (2016: Nil) and RMB4,177,308,000 (2016: Nil), respectively, which are unsecured, interest-free and repayable on demand.

21. 預付款、按金及其他應收款項

上述資產概無逾期或減值。包括於上述結餘的金融資產與近期並無拖欠記錄的應收款有關。

於2017年12月31日，本集團若干賬面總值為人民幣35,120,000元(2016年：無)的其他應收款項已抵押予銀行以作為本集團獲授的若干銀行貸款的抵押品(附註27(a)(iv))。

於2017年12月31日，本集團的其他應收款項包括應收合營公司及聯營公司款項分別為人民幣7,085,196,000元(2016年：無)及人民幣4,177,308,000元(2016年：無)，有關款項為無抵押、免息及須於催繳時立刻償還。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

22. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

22. 受限制現金及現金及現金等價物

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	17,498,208	17,417,534
Less: Restricted cash (note (c))	減：受限制現金(附註(c))	(1,901,969)	(1,818,946)
Cash and cash equivalents	現金及現金等價物	15,596,239	15,598,588

Notes:

- (a) Cash at banks earns interest at floating rates based on daily bank deposit rates.
- (b) At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB16,367,335,000 (2016: RMB13,954,681,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

附註：

- (a) 銀行存款根據每日銀行存款利率按浮息賺取利息。
- (b) 於報告期間結束時，本集團的現金及銀行結餘以人民幣計值，為人民幣16,367,335,000元(2016年：人民幣13,954,681,000元)。人民幣不可自由兌換為其他貨幣，然而，根據中國大陸的外匯管制條例及結匯、售匯及付匯管理規定，本集團獲批准透過授權進行外匯業務的銀行將人民幣兌換為其他貨幣。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

22. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS (Continued)

Notes: (continued)

- (c) A summary of the restricted cash of the Group as at 31 December 2017 is as follows:
- (i) According to relevant documents issued by the Xiamen Municipal Land and Housing Administrative Bureau, certain property management companies of the Group are required to place part of their management fees received at banks as guarantee deposits for the public maintenance fund of the related properties. The deposits can only be used for the maintenance of the relevant properties. At 31 December 2017, such guarantee deposits amounted to RMB7,958,000 (2016: RMB9,102,000).
 - (ii) As further detailed in note 40(a) to the financial statements, guarantee deposits of RMB392,609,000 (2016: RMB380,518,000) as at 31 December 2017 were pledged to banks which provide mortgages to the purchasers of the Group's properties, for potential default of mortgage loans advanced to property purchasers. Such guarantee deposits will be released after the property ownership certificates of the relevant properties have been passed to the banks.
 - (iii) According to relevant loan facility agreements signed by certain subsidiaries of the Group with the banks, the subsidiaries are required to place the pre-sale proceeds of their properties at designated bank accounts. The deposits can only be used for the payment of property development costs incurred by the subsidiaries and the repayment of the relevant loans. At 31 December 2017, such deposits amounted to RMB870,275,000 (2016: RMB619,285,000).
 - (iv) Certain subsidiaries of the Group are required to place certain amounts at specific bank accounts as guarantee deposits for the use of the loan proceeds. At 31 December 2017, the aggregate amount of such deposits was RMB631,127,000 (2016: RMB810,041,000) (note 27(a)(xi)).

23. RECEIPTS IN ADVANCE

Receipts in advance represented amounts received from buyers in connection with pre-sale of properties.

22. 受限制現金及現金及現金等價物(續)

附註：(續)

- (c) 本集團於2017年12月31日的受限制現金概述如下：
- (i) 根據廈門市土地房產管理局發佈的有關文件，本集團若干物業管理公司須將部分數額的已收管理費存入銀行，作為有關物業公共維修基金的擔保按金。該等按金僅可用於有關物業的維修。於2017年12月31日，該等擔保按金為人民幣7,958,000元(2016年：人民幣9,102,000元)。
 - (ii) 誠如財務報表附註40(a)所進一步詳述，於2017年12月31日，擔保按金人民幣392,609,000元(2016年：人民幣380,518,000元)已抵押予向本集團物業買家提供按揭之銀行，作為潛在物業買家拖欠支付按揭貸款的按金。該等擔保按金將於有關物業的房產證交予銀行後方可解除。
 - (iii) 根據本集團若干附屬公司與其銀行簽署的相關貸款融資協議，該等附屬公司須將其物業的預售所得款項存入指定銀行賬戶。該等按金將僅可用於支付該等附屬公司產生的物業開發成本及償還相關貸款。於2017年12月31日，該等按金為人民幣870,275,000元(2016年：人民幣619,285,000元)。
 - (iv) 本集團的若干附屬公司須於特定銀行賬戶存入若干金額作為擔保按金，以限制貸款所得款項用途。於2017年12月31日，該等按金總額為人民幣631,127,000元(2016年：人民幣810,041,000元)(附註27(a)(xi))。

23. 預收款項

預收款項指就預售物業而向買家收取的款項。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

24. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the due date, is as follows:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Due within 1 year or on demand	1年內或須於要求時償還	3,004,832	3,026,199
Due within 1 to 2 years	1至2年內須償還	2,148,688	2,952,835
		<u>5,153,520</u>	<u>5,979,034</u>

The trade payables are non-interest-bearing and unsecured.

貿易應付款項為不計息及無抵押。

25. OTHER PAYABLES AND ACCRUALS

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Accruals	應計費用	712,094	546,502
Other payables	其他應付款項	14,316,371	7,110,557
		<u>15,028,465</u>	<u>7,657,059</u>
Portion classified as current liabilities	分類為流動負債的部分	(12,468,016)	(7,657,059)
Non-current portion	非即期部分	<u>2,560,449</u>	<u>—</u>

Included in the Group's other payables as at 31 December 2017 are amounts due to joint ventures, an associate and non-controlling equity holders of the Group's subsidiaries of RMB10,999,042,000 (2016: RMB1,540,335,000), RMB302,774,000 (2016: Nil) and RMB469,228,000 (2016: RMB70,125,000), respectively. Except for the balances with an aggregate amount of RMB2,560,449,000 (2016: Nil) which are non-trade in nature, unsecured, interest-free and not repayable within one year, these balances are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment.

Included in the Group's other payables as at 31 December 2016 were cooperation deposits of RMB1,548,585,000 from independent third parties for proposed joint land bidding in the PRC. These deposits were refunded by the Group subsequent to the end of the reporting period after the failure of the land bidding.

24. 貿易應付款項

於報告期間結束時的貿易應付款項按到期日的賬齡分析如下：

25. 其他應付款項及應計費用

於2017年12月31日的本集團其他應付款項包括應付合營公司、一間聯營公司及本集團附屬公司的非控股權益持有人的款項，分別為人民幣10,999,042,000元(2016年：人民幣1,540,335,000元)、人民幣302,774,000元(2016年：無)及人民幣469,228,000元(2016年：人民幣70,125,000元)。除總額為人民幣2,560,449,000元(2016年：無)，屬非貿易性質、無抵押、免息且並非於1年內償還的結餘外，該等結餘屬非貿易性質、無抵押、免息且無固定還款日期。

於2016年12月31日的本集團其他應付款項包括就計劃於中國聯合土地競標而應收獨立第三方的合作按金人民幣1,548,585,000元。該等按金於報告期末後土地競標失敗後由本集團予以退還。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

25. OTHER PAYABLES AND ACCRUALS
(Continued)

During the year end 31 December 2016, the Group received cooperation deposits of RMB1,694,051,000 for proposed joint land bidding in the PRC from an independent third party. These deposits were subsequently refunded by the Group during the same year after the failure of the land bidding.

26. DERIVATIVE FINANCIAL INSTRUMENTS**25. 其他應付款項及應計費用(續)**

截至2016年12月31日止年度，本集團就計劃於中國聯合土地競標向獨立第三方收取合作按金人民幣1,694,051,000元。該等按金其後於相同年度土地競標失敗後由本集團予以退還。

26. 衍生金融工具

		31 December 2017 2017年12月31日		31 December 2016 2016年12月31日	
		Assets 資產	Liabilities 負債	Assets 資產	Liabilities 負債
		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
2014 Call Options — 8.625%	2014年認購權 — 8.625%	—	—	2,860	—
2014 Call Options — 9%	2014年認購權 — 9%	—	—	23,360	—
2016 Call Options — 6%	2016年認購權 — 6%	12,343	—	15,575	—
2017 Call Options — 6%	2017年認購權 — 6%	5,375	—	—	—
Structured forward currency contracts	結構性遠期貨合約	—	19,229	45,661	—
		17,718	19,229	87,456	—

Notes:

附註：

(a) In January 2014, the Company issued 8.625% senior notes (the “2014 Senior Notes — 8.625%”) with an aggregate principal value of US\$300,000,000 (approximately RMB1,814,745,000). The Company, at its option, can redeem all or a portion of the 2014 Senior Notes — 8.625% (the “2014 Call Options — 8.625%”) at any time prior to the maturity date at the redemption price (principal amount plus applicable premium) plus accrued and unpaid interest up to the redemption date. In February 2017, the Company redeemed in full the 2014 Senior Notes — 8.625% before their maturity. Further details of the 2014 Senior Notes — 8.625% are included in note 29(a) to the financial statements.

(a) 於2014年1月，本公司發行本金總值300,000,000美元(約人民幣1,814,745,000元)的8.625%優先票據(「2014年優先票據 — 8.625%」)。本公司可在到期日前隨時以贖回價(即本金額加適用溢價)加截至贖回日期的應計而未付利息酌情贖回全部或部分2014年優先票據 — 8.625%(「2014年認購權 — 8.625%」)。於2017年2月，本公司已於到期前贖回全部2014年優先票據 — 8.625%。2014年優先票據 — 8.625%之進一步詳情載於財務報表附註29(a)。

(b) In December 2014, the Company issued 9% senior notes (the “2014 Senior Notes — 9%”) with an aggregate principal value of US\$250,000,000 (approximately RMB1,547,665,000). The Company, at its option, can redeem all or a portion of the 2014 Senior Notes — 9% (the “2014 Call Options — 9%”) at any time prior to the maturity date at the redemption price (principal amount plus applicable premium) plus accrued and unpaid interest up to the redemption date. In December 2017, the Company redeemed in full the 2014 Senior Notes — 9% before their maturity. Further details of the 2014 Senior Notes — 9% are included in note 29(b) to the financial statements.

(b) 於2014年12月，本公司發行本金總值250,000,000美元(約人民幣1,547,665,000元)的9%優先票據(「2014年優先票據 — 9%」)。本公司可在到期日前隨時以贖回價(即本金額加適用溢價)加截至贖回日期的應計而未付利息酌情贖回全部或部分2014年優先票據 — 9%(「2014年認購權 — 9%」)。於2017年12月，本公司已於到期前贖回全部2014年優先票據 — 9%。2014年優先票據 — 9%之進一步詳情載於財務報表附註29(b)。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

26. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

Notes: (Continued)

- (c) In October 2016, the Company issued 6% senior notes (the “2016 Senior Notes — 6%”) with an aggregate principal value of US\$250,000,000 (approximately RMB1,695,000,000). The Company, at its option, can redeem all or a portion of the 2016 Senior Notes — 6% (the “2016 Call Options — 6%”) at any time prior to the maturity date at the redemption price (principal amount plus applicable premium) plus accrued and unpaid interest up to the redemption date. Further details of the 2016 Senior Notes — 6% are included in note 29(c) to the financial statements.
- (d) In January 2017, the Company issued 6% senior notes (the “2017 Senior Notes — 6%”) with an aggregate principal value of US\$350,000,000 (approximately RMB2,410,271,000). The Company, at its option, can redeem all or a portion of the 2017 Senior Notes — 6% (the “2017 Call Options — 6%”) at any time prior to the maturity date at the redemption price (principal amount plus applicable premium) plus accrued and unpaid interest up to the redemption date. Further details of the 2017 Senior Notes — 6% are included in note 29(d) to the financial statements.

Descriptions of the valuation technique used and the key input to the valuation of the call options are as follows:

Valuation technique 估值方法	Significant unobservable input 非可觀察的主要輸入變量	2017 Range 範圍	2016 Range 範圍
Discounted cash flow 現金流貼現法	Credit spread 信貸息差	5.70%–8.20%	5.70%–8.20%

A significant increase/(decrease) in the credit spread would result in a significantly lower/(higher) fair value of the derivative financial instruments.

- (c) The Company entered into certain structured forward currency contracts with banks to mitigate the foreign exchange exposure. All structured forward currency contracts have a maturity term of one year.

26. 衍生金融工具(續)

附註：(續)

- (c) 於2016年10月，本公司發行本金總值250,000,000美元(約人民幣1,695,000,000元)的6%優先票據(「2016年優先票據 — 6%」)。本公司可在到期日前隨時以贖回價(即本金額加適用溢價)加截至贖回日期的應計而未付利息酌情贖回全部或部分2016年優先票據 — 6%(「2016年認購權 — 6%」)。2016年優先票據 — 6%之進一步詳情載於財務報表附註29(c)。
- (d) 於2017年1月，本公司發行本金總值350,000,000美元(約人民幣2,410,271,000元)的6%優先票據(「2017年優先票據 — 6%」)。本公司可在到期日前隨時以贖回價(即本金額加適用溢價)加截至贖回日期的應計而未付利息酌情贖回全部或部分2017年優先票據 — 6%(「2017年認購權 — 6%」)。2017年優先票據 — 6%之進一步詳情載於財務報表附註29(d)。

所用估值方法及認購權估值的主要輸入變量說明如下：

信貸息差大幅增加／(減少)將會令衍生金融工具公允值大幅減少／(增加)。

- (c) 本公司與銀行訂立若干結構性遠期貨幣合約，以減輕外匯敞口。所有結構性遠期貨幣合約的到期期限為一年。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

27. INTEREST-BEARING BANK AND
OTHER BORROWINGS

27. 計息銀行貸款及其他借貸

		2017			2016		
		Effective interest rate (%) 實際利率(%)	Maturity 到期日	RMB'000 人民幣千元	Effective interest rate (%) 實際利率(%)	Maturity 到期日	RMB'000 人民幣千元
Current	即期						
Bank loans — unsecured	銀行貸款 — 無抵押	5.23	2018	350,000	1.29-5.23	2017	497,500
Bank loans — secured	銀行貸款 — 有抵押	1.69-6.16	2018	2,854,710	1.71-6.37	2017	4,310,278
Other loans — secured	其他貸款 — 有抵押	5.39-8.00	2018	3,499,630			—
				<u>6,704,340</u>			<u>4,807,778</u>
Non-current	非即期						
Bank loans — secured	銀行貸款 — 有抵押	1.69-5.88	2019-2037	5,550,938	4.75-6.33	2018-2023	4,753,596
Other loans — secured	其他貸款 — 有抵押	5.39-8.00	2019-2027	1,456,587	6.60-6.80	2018	720,033
				<u>7,007,525</u>			<u>5,473,629</u>
				<u>13,711,865</u>			<u>10,281,407</u>

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Analysed into:	分析如下:		
Bank loans repayable:	須償還銀行貸款的期限:		
Within one year or on demand	於1年內或應要求	3,204,710	4,807,778
In the second year	於第2年	422,984	4,111,619
In the third to fifth years, inclusive	於第3年至第5年 (包括首尾兩年)	4,819,800	601,527
Beyond five years	5年後	308,154	40,450
		<u>8,755,648</u>	<u>9,561,374</u>
Other loans repayable:	須償還其他貸款的期限:		
Within one year or on demand	於1年內或應要求	3,499,630	—
In the second year	於第2年	378,250	720,033
In the third to fifth years, inclusive	於第3年至第5年 (包括首尾兩年)	690,337	—
Beyond five years	5年後	388,000	—
		<u>4,956,217</u>	<u>720,033</u>
		<u>13,711,865</u>	<u>10,281,407</u>

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

27. INTEREST-BEARING BANK AND
OTHER BORROWINGS (Continued)

Notes:

- (a) Certain of the Group's bank and other borrowings are secured or guaranteed by:
- (i) mortgages over the Group's properties under development with an aggregate carrying amount at the end of the reporting period of approximately RMB3,449,694,000 (2016: RMB14,231,535,000) (note 19);
 - (ii) pledges over the Group's investment properties with an aggregate carrying amount at the end of the reporting period of approximately RMB2,900,445,000 (2016: RMB968,948,000) (note 14(a));
 - (iii) pledges over the Group's properties held for sale with an aggregate carrying amount at the end of the reporting period of approximately RMB1,231,180,000 (2016: RMB1,091,540,000) (note 20);
 - (iv) pledges over the Group's other receivables with an aggregate carrying amount at the end of the reporting period of approximately RMB35,120,000 (2016: Nil) (note 21);
 - (v) pledges over the Group's land held for property development for sale with an aggregate carrying amount at the end of the reporting period of RMB2,757,241,000 (2016: Nil) (note 18);
 - (vi) pledges over the Group's equity interest in a subsidiary (2016: Nil);
 - (vii) pledges over a joint venturers' equity interest in a joint venture with a carrying amount at the end of the reporting period of approximately RMB19,642,000 (2016: Nil);
 - (viii) pledges over the properties under development held by a joint venture and an associate with an aggregate carrying amount at the end of the reporting period of approximately RMB2,216,861,000 (2016: Nil);
 - (ix) guarantees executed by a joint venturer to the extent of approximately RMB517,800,000 (2016: Nil) as at 31 December 2017;
 - (x) corporate guarantees executed by certain subsidiaries of the Group and the Company to the extent of RMB10,486,567,000 (2016: RMB7,032,219,000); and

27. 計息銀行貸款及其他借貸(續)

附註：

- (a) 本集團的若干銀行貸款及其他借貸乃由以下方式抵押或擔保：
- (i) 本集團於報告期間結束時，賬面總值約為人民幣3,449,694,000元(2016年：人民幣14,231,535,000元)的在建物業的按揭(附註19)；
 - (ii) 本集團於報告期間結束時，賬面總值約為人民幣2,900,445,000元(2016年：人民幣968,948,000元)的投資物業的抵押(附註14(a))；
 - (iii) 本集團於報告期間結束時，賬面總值約為人民幣1,231,180,000元(2016年：人民幣1,091,540,000元)的持作銷售用途的物業的抵押(附註20)；
 - (iv) 本集團於報告期間結束時，賬面總值約為人民幣35,120,000元(2016年：無)的其他應收款項的抵押(附註21)；
 - (v) 本集團於報告期間結束時，賬面總值為人民幣2,757,241,000元(2016年：無)的持作物業發展銷售用途的土地之抵押(附註18)；
 - (vi) 本集團於一間附屬公司的股權的抵押(2016年：無)；
 - (vii) 一名合營方於報告期間結束時所持有賬面值約為人民幣19,642,000元(2016年：無)的合營公司股權的抵押；
 - (viii) 一間合營公司及一間聯營公司於報告期間結束時所持有賬面總值約為人民幣2,216,861,000元(2016年：無)的在建物業的抵押；
 - (ix) 於2017年12月31日，一名合營方簽署金額約為人民幣517,800,000元(2016年：無)的擔保；
 - (x) 本集團若干附屬公司及本公司所簽署金額為人民幣10,486,567,000元(2016年：人民幣7,032,219,000元)的公司擔保；及

Notes to Financial Statements (Continued)
財務報表附註(續)

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27. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes: (continued)

- (xi) certain deposits with an aggregate amount of RMB631,127,000 (2016: RMB810,041,000) placed by certain subsidiaries of the Group at specific bank accounts as guarantee deposits for the use of the loan proceeds as at 31 December 2017 (note 22(c)(iv)).
- (b) The Group's bank and other borrowings with carrying amounts of RMB7,956,423,000 (2016: RMB6,293,573,000), RMB1,104,381,000 (2016: RMB891,133,000) and RMB4,651,061,000 (2016: RMB3,096,701,000) are denominated in RMB, Hong Kong dollars and United States dollars, respectively.

27. 計息銀行貸款及其他借貸(續)

附註：(續)

- (xi) 本集團的若干附屬公司於2017年12月31日於特定銀行賬戶存入若干按金總額為人民幣631,127,000元(2016年：人民幣810,041,000元)作為擔保按金，以使用貸款所得款項(附註22(c)(iv))。
- (b) 本集團以人民幣、港幣及美元計值的銀行貸款及其他借貸之賬面值分別為人民幣7,956,423,000元(2016年：人民幣6,293,573,000元)、人民幣1,104,381,000元(2016年：人民幣891,133,000元)及人民幣4,651,061,000元(2016年：人民幣3,096,701,000元)。

28. CORPORATE BONDS

28. 企業債券

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Corporate bonds due in 2018	於2018年到期的企業債券	2,000,000	2,000,000
Corporate bonds due in 2019	於2019年到期的企業債券	5,000,000	5,000,000
Corporate bonds due in 2020	於2020年到期的企業債券	3,000,000	3,000,000
		10,000,000	10,000,000
Portion classified as current liabilities	分類為流動負債的部分	(10,000,000)	—
Non-current portion	非即期部分	—	10,000,000

31 December 2017 2017年12月31日

28. CORPORATE BONDS (Continued)

Included in the above are bonds in an aggregate principal amount of:

- (i) RMB2,000,000,000 corporate bonds due in 2018 issued by a subsidiary of the Group in October 2015 (the “6.7% Corporate Bonds”). The 6.7% Corporate Bonds have a term of three years and bear interest at a rate of 6.7% per annum. The 6.7% Corporate Bonds are unsecured. In October 2017, the coupon rate is adjusted to 6.99% per annum.
- (ii) RMB3,000,000,000 corporate bonds due in 2020 issued by a subsidiary of the Group in December 2015 (the “5.1% Corporate Bonds”). The 5.1% Corporate Bonds have a term of five years and bear interest at a rate of 5.1% per annum. The 5.1% Corporate Bonds are unsecured. At the end of the third year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group.
- (iii) RMB2,000,000,000 corporate bonds due in 2019 issued by a subsidiary of the Group in June 2016 (the “6.28% Corporate Bonds”). The 6.28% Corporate Bonds have a term of three years and bear interest at a rate of 6.28% per annum. The 6.28% Corporate Bonds are unsecured. At the end of the second year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group.
- (iv) RMB3,000,000,000 corporate bonds due in 2019 issued by the Company in September 2016 (the “5.3% Corporate Bonds”). The 5.3% Corporate Bonds have a term of three years and bear interest at a rate of 5.3% per annum. The 5.3% Corporate Bonds are unsecured. At the end of the second year, the subsidiary of the Group shall be entitled to adjust the coupon rate of corporate bonds and the bond holders shall be entitled to sell back the bonds to the Group.

28. 企業債券(續)

上述企業債券乃以下項目的本金總額：

- (i) 本集團一間附屬公司於2015年10月發行之本金總額為人民幣2,000,000,000元於2018年到期之企業債券(「6.7%企業債券」)。6.7%企業債券為三年期債券並按年利率6.7%計息。6.7%企業債券為無抵押。於2017年10月，票面年利率調整至6.99%。
- (ii) 本集團一間附屬公司於2015年12月發行之本金總額為人民幣3,000,000,000元於2020年到期之企業債券(「5.1%企業債券」)。5.1%企業債券為五年期債券並按年利率5.1%計息。5.1%企業債券為無抵押。於第三年結束時，本集團的該附屬公司有權調整企業債券的票面利率，而債券持有人有權將債券售回本集團。
- (iii) 本集團一間附屬公司於2016年6月發行之本金總額為人民幣2,000,000,000元於2019年到期之企業債券(「6.28%企業債券」)。6.28%企業債券為三年期債券並按年利率6.28%計息。6.28%企業債券為無抵押。於第二年結束時，本集團的該附屬公司有權調整企業債券的票面利率，而債券持有人有權將債券售回本集團。
- (iv) 本公司於2016年9月發行之本金總額為人民幣3,000,000,000元於2019年到期之企業債券(「5.3%企業債券」)。5.3%企業債券為三年期債券並按年利率5.3%計息。5.3%企業債券為無抵押。於第二年結束時，本集團的該附屬公司有權調整企業債券的票面利率，而債券持有人有權將債券售回本集團。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

29. SENIOR NOTES

29. 優先票據

		2017			2016		
		Effective interest rate (%) 實際利率(%)	Maturity 到期日	RMB'000 人民幣千元	Effective interest rate (%) 實際利率(%)	Maturity 到期日	RMB'000 人民幣千元
Non-current and repayable in the third to fifth years, inclusive	非即期及須於第3年至第5年(包括首尾兩年)償還						
2014 Senior Notes — 8.625%	2014年優先票據 — 8.625%	8.98	2019	—	8.98	2019	2,070,509
2014 Senior Notes — 9%	2014年優先票據 — 9%	9.32	2019	—	9.32	2019	1,722,768
2017 Senior Notes — 6%	2017年優先票據 — 6%	6.35	2022	2,249,212	—	—	—
				2,249,212			3,793,277
Non-current and repayable beyond five years	非即期及須於5年後償還						
2016 Senior Notes — 6%	2016年優先票據 — 6%	6.26	2023	1,606,409	6.26	2023	1,712,109
				3,855,621			5,505,386

Notes:

附註：

- (a) In January 2014, the Company issued the 2014 Senior Notes — 8.625% with an aggregate principal value of US\$300,000,000 (approximately RMB1,814,745,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$295,797,000 (approximately RMB1,789,322,000). In February 2017, the Company early redeemed in full the 2014 Senior Notes — 8.625% at the redemption price of US\$312,938,000 (approximately RMB2,144,162,000) representing 104.3125% of the principal amount together with all accrued and unpaid interest.
- (b) In December 2014, the Company issued the 2014 Senior Notes — 9% with an aggregate principal value of US\$250,000,000 (approximately RMB1,547,665,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$246,860,000 (approximately RMB1,528,223,000). In December 2017, the Company early redeemed in full the 2014 Senior Notes — 9% at the redemption price of US\$272,500,000 (approximately RMB1,773,151,000) representing 104.5% of the principal amount together with all accrued and unpaid interest.
- (c) In October 2016, the Company issued the 2016 Senior Notes — 6% with an aggregate principal value of US\$250,000,000 (approximately RMB1,695,000,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$246,375,000 (approximately RMB1,670,000,000). The 2016 Senior Notes — 6% will mature on 25 October 2023.

- (a) 於2014年1月，本公司發行本金總值300,000,000美元(約人民幣1,814,745,000元)的2014年優先票據 — 8.625%。經扣除發行費用後的所得款項淨額約為295,797,000美元(約人民幣1,789,322,000元)。於2017年2月，本公司以贖回價312,938,000美元(約人民幣2,144,162,000元)(即本金額的104.3125%，連同所有應計及未付利息)提早贖回全部2014年優先票據 — 8.625%。
- (b) 於2014年12月，本公司發行本金總值250,000,000美元(約人民幣1,547,665,000元)的2014年優先票據 — 9%。經扣除發行費用後的所得款項淨額約為246,860,000美元(約人民幣1,528,223,000元)。於2017年12月，本公司以贖回價272,500,000美元(約人民幣1,773,151,000元)(即本金額的104.5%，連同所有應計及未付利息)提早贖回全部2014年優先票據 — 9%。
- (c) 於2016年10月，本公司發行本金總值250,000,000美元(約人民幣1,695,000,000元)的2016年優先票據 — 6%。經扣除發行費用後的所得款項淨額約為246,375,000美元(約人民幣1,670,000,000元)。2016年優先票據 — 6%將於2023年10月25日到期。

Notes to Financial Statements (Continued)
財務報表附註(續)

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29. SENIOR NOTES (Continued)

Notes: (continued)

- (d) In January 2017, the Company issued the 2017 Senior Notes — 6% with an aggregate principal value of US\$350,000,000 (approximately RMB2,410,271,000). The net proceeds, after deducting the issuance costs, amounted to approximately US\$343,700,000 (approximately RMB2,396,000,000). The 2017 Senior Notes — 6% will mature on 25 January 2022.
- (e) The Company, at its option, can redeem all or a portion of the senior notes at any time prior to the maturity date at the redemption prices (principal amount plus applicable premium) plus accrued and unpaid interest up to the redemption date, as set forth in the written agreements between the Company and the trustees of the senior notes.
- (f) The senior notes of the Group are denominated in United States dollars and are secured by pledges over the equity interests of certain subsidiaries of the Company.

29. 優先票據(續)

附註：(續)

- (d) 於2017年1月，本公司發行本金總值350,000,000美元(約人民幣2,410,271,000元)的2017年優先票據 — 6%。經扣除發行費用後的所得款項淨額約為343,700,000美元(約人民幣2,396,000,000元)。2017年優先票據 — 6%將於2022年1月25日到期。
- (e) 按本公司與優先票據受託人訂定的書面協議所載，本公司可在到期日前隨時以贖回價(即本金額加適用溢價)加截至贖回日期的應計而未付利息酌情贖回全部或部分優先票據。
- (f) 本集團的優先票據以美元計值及以本公司若干附屬公司的股權作抵押。

30. PROVISION FOR LAND APPRECIATION TAX

30. 土地增值稅撥備

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
At 1 January	於1月1日	1,448,040	1,162,886
Charged to profit or loss during the year (note 10)	年內於損益扣除(附註10)	1,634,380	985,071
Payment during the year	年內付款	(1,577,202)	(699,917)
At 31 December	於12月31日	1,505,218	1,448,040

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

根據自1994年1月1日起生效的《中華人民共和國土地增值稅暫行條例》及自1995年1月27日起生效的《中華人民共和國土地增值稅暫行條例實施細則》的規定，在中國大陸出售或轉讓國有土地使用權、樓宇及其附帶設施產生的所有收益，須按介乎增值價值的30%至60%的累進稅率繳納土地增值稅，若增值價值不超過全部可扣稅項目總和的20%，則普通標準住宅的銷售可豁免繳納土地增值稅。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

30. PROVISION FOR LAND APPRECIATION TAX (Continued)

The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities may disagree with the basis on which the provision for LAT is calculated.

31. DEFERRED TAX

Net deferred tax assets and liabilities recognised in the consolidated statement of financial position are as follows:

30. 土地增值稅撥備(續)

本集團已根據相關中國稅務法例法規所載規定，估計、作出及在稅項內計入土地增值稅撥備。實際的土地增值稅負債須待物業開發項目竣工後，由稅務當局釐定，而稅務當局可能不同意本集團計算土地增值稅撥備的基準。

31. 遞延稅項

於綜合財務狀況表中確認的遞延稅項資產及負債淨額如下：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Deferred tax assets recognised in the consolidated statement of financial position	於綜合財務狀況表中確認的遞延稅項資產	526,074	371,456
Deferred tax liabilities recognised in the consolidated statement of financial position	於綜合財務狀況表中確認的遞延稅項負債	(1,025,453)	(882,092)
		(499,379)	(510,636)

Notes to Financial Statements (Continued)
財務報表附註(續)

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31. DEFERRED TAX (Continued)

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

		Arising from provision for LAT	Fair value adjustments arising from acquisition of subsidiaries	Total
		產生自土地 增值稅撥備	公司產生之 公允值調整	總計
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
At 1 January 2016	於2016年1月1日	265,802	146,872	412,674
Credited/(charged) to profit or loss during the year (note 10)	年內計入損益／ (自損益扣除) (附註10)	20,070	(61,288)	(41,218)
At 31 December 2016 and 1 January 2017	於2016年12月31日及 2017年1月1日	285,872	85,584	371,456
Deemed disposal of subsidiaries upon loss of control (note 38(a))	於失去控制權時被視 為出售附屬公司 (附註38(a))	(19,828)	—	(19,828)
Credited/(charged) to profit or loss during the year (note 10)	年內計入損益／ (自損益扣除) (附註10)	210,260	(35,814)	174,446
At 31 December 2017	於2017年12月31日	476,304	49,770	526,074

31. 遞延稅項(續)

年內，遞延稅項資產及負債的變動如下：

遞延稅項資產

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

31. DEFERRED TAX (Continued)
Deferred tax liabilities**31. 遞延稅項(續)**
遞延稅項負債

		Arising from revaluation on investment properties 產生自投資 物業重估 RMB'000 人民幣千元	Fair value adjustments arising from acquisition of subsidiaries 收購附屬 公司產生之 公允值調整 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2016	於2016年1月1日	845,315	37,536	882,851
Charged/(credited) to profit or loss during the year (note 10)	年內自損益扣除／ (計入損益) (附註10)	2,055	(2,814)	(759)
At 31 December 2016 and 1 January 2017	於2016年12月31日及 2017年1月1日	847,370	34,722	882,092
Charged to profit or loss during the year (note 10)	年內自損益扣除 (附註10)	143,361	—	143,361
At 31 December 2017	於2017年12月31日	990,731	34,722	1,025,453

The Group had unutilised tax losses of approximately RMB1,311,289,000 as at 31 December 2017 (2016: RMB714,101,000) that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the tax entity in which the losses arose. Deferred tax assets have not been recognised for these tax losses due to the unpredictability of future profit streams (2016: Nil).

Pursuant to the New 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. 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.

本集團於2017年12月31日的未動用稅項虧損約為人民幣1,311,289,000元(2016年：人民幣714,101,000元)，該等稅項虧損可由虧損出現的年度起結轉五年，以抵銷出現虧損的稅項實體未來的應課稅利潤。由於未來利潤流的不可預測性，並未就該等稅項虧損確認遞延稅項資產(2016年：無)。

根據新企業所得稅法，在中國大陸成立的外資企業向外國投資者宣派的股息須繳納10%的預扣稅。該規定自2008年1月1日起生效，並對2007年12月31日後獲得的盈利適用。倘中國大陸與該等外國投資者所在司法權區有簽訂稅務條約，則可按較低稅率繳納預扣稅。因此，本集團須就該等在中國大陸成立的附屬公司自2008年1月1日起獲得的盈利宣派的股息繳納預扣稅。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

31. DEFERRED TAX (Continued)

As 31 December 2017 and 2016, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will settle any dividends declared on such earnings in the foreseeable future. The aggregate amount of temporary differences associated with interests in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totaled approximately RMB19,287,670,000 as at 31 December 2017 (2016: RMB15,109,134,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

31. 遞延稅項(續)

於2017年及2016年12月31日，並無就本集團於中國大陸成立的附屬公司應付的未匯出盈利(須繳納預扣稅)所產生的預扣稅確認遞延稅項。董事認為，該等附屬公司於可見將來不大可能償付就有關盈利宣派的任何股息。於2017年12月31日，並未就與中國大陸附屬公司權益有關的暫時差額確認遞延稅項負債的總額合共約為人民幣19,287,670,000元(2016年：人民幣15,109,134,000元)。

本公司向其股東派付股息並未對所得稅構成影響。

32. SHARE CAPITAL
Shares32. 股本
股份

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Authorised:	法定：		
100,000,000,000	100,000,000,000股每股面		
ordinary shares of HK\$0.1 each	值港幣0.1元的普通股	8,813,679	8,813,679
Issued and fully paid:	已發行及繳足：		
4,185,020,959 (2016: 3,815,999,999)	4,185,020,959股(2016年：		
ordinary shares of HK\$0.1 each	3,815,999,999股)		
	每股面值港幣0.1元的		
	普通股	355,982	324,472

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

32. SHARE CAPITAL (Continued) Shares (Continued)

A summary of movements in the Company's share capital and share premium account is as follows:

		Number of shares in issue 已發行股份數目	Issued capital RMB'000 人民幣千元	Share premium account RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2016	於2016年1月1日	3,815,999,999	324,472	963,784	1,288,256
Final 2015 dividend	2015年末期股息	—	—	(575,662)	(575,662)
At 31 December 2016 and 1 January 2017	於2016年12月31日及 2017年1月1日	3,815,999,999	324,472	388,122	712,594
Final 2016 dividend	2016年末期股息	—	—	(388,122)	(388,122)
Interim 2017 dividend	2017年中期股息	—	—	(280,829)	(280,829)
Issued of shares in connection with the exercise of share option (note (a))	有關行使購股權 已發行的股份 (附註(a))	19,020,960	1,688	32,948	34,636
Issue of shares (note (b))	發行股份(附註(b))	350,000,000	29,822	1,292,083	1,321,905
At 31 December 2017	於2017年12月31日	4,185,020,959	355,982	1,044,202	1,400,184

Notes:

- (a) During the year, the Company issued a total of 19,020,960 shares at an issue price ranged HK\$1.875 to HK\$1.93 per share pursuant to the exercise of options granted under the share option scheme of the Company, resulting in the issue of 19,020,960 shares of HK\$0.1 each for a total consideration, before expenses, of HK\$35,785,000. A total of RMB4,734,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.
- (b) In September 2017, an aggregate of 350,000,000 ordinary shares were issued at the placing price of HK\$4.53 per share for a cash consideration of HK\$1,586 million (RMB1,340 million) before share issue expenses of approximately HK\$21 million (RMB18 million).

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.

32. 股本(續) 股份(續)

本公司之股本及股份溢價賬變動概述如下：

	Number of shares in issue 已發行股份數目	Issued capital RMB'000 人民幣千元	Share premium account RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
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附註：

- (a) 年內，本公司因本公司購股權計劃授出的購股權獲行使，以介乎每股港幣1.875元至港幣1.93元的發行價發行合共19,020,960股股份，致使以總代價(未扣除開支)港幣35,785,000元，發行19,020,960股每股面值港幣0.1元的股份。於行使購股權時，合共人民幣4,734,000元由購股權儲備轉移至股份溢價賬。
- (b) 於2017年9月，本公司按配售價每股股份港幣4.53元發行合共350,000,000股普通股，以換取現金代價港幣15.86億元(人民幣13.40億元)(未扣除股份發行開支約港幣0.21億元(人民幣0.18億元))。

購股權

本公司購股權計劃及根據計劃發行之購股權的詳情載於財務報表附註33。

31 December 2017 2017年12月31日

33. SHARE OPTION SCHEME

The Company operates a share option scheme (the “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 and other employees of the Group. The Scheme became effective on 24 May 2010 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 Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. 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 and 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 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period and ends on a date which is not later than ten years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Hong Kong Stock Exchange closing price of the Company’s shares on the date of offer of the share options; and (ii) the average Hong Kong Stock Exchange closing price of the Company’s shares for the five trading days immediately preceding the date of offer.

Share options do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

33. 購股權計劃

本公司設有一項購股權計劃(「該計劃」)，旨在向為本集團業務之成功作出貢獻之合資格參與者提供獎勵及報酬。該計劃之合資格參與者包括本公司董事及本集團其他僱員。該計劃於2010年5月24日起生效，除非獲取消或修訂，否則將由該日起計十年內保持有效。

根據該計劃現時可授出的尚未行使購股權之最高數目為相等於獲行使時佔本公司於任何時間之已發行股份10%之數目。在任何12個月期間內授予該計劃之每位合資格參與者之購股權之可予發行股份最高數目，以本公司於任何時間之已發行股份1%為限。凡進一步授出超逾此限額之購股權須在股東大會上獲股東批准。

授予本公司董事、行政總裁或主要股東或彼等任何聯繫人之購股權須經獨立非執行董事事先批准。此外，於任何十二個月期間內，倘授予本公司主要股東或獨立非執行董事或彼等任何聯繫人之任何購股權超逾本公司任何時候之已發行股份0.1%和根據於授出日期本公司股份價格計算之總值超過港幣5,000,000元，則須經股東於股東大會上事先批准。

授出購股權之要約可於要約日期起計二十八天內由承授人支付名義代價合共港幣1元後予以接納。所授出購股權之行使期乃由董事釐定，並於歸屬期後開始，及於不遲於購股權要約日期起計十年或該計劃屆滿日期完結(以較早者為準)。

購股權之行使價由董事釐定，惟不得低於以下之較高者：(i)本公司股份於購股權要約日期在香港聯交所之收市價；及(ii)本公司股份於緊接要約日期前五個交易日在香港聯交所之平均收市價。

購股權並不賦予持有人收取股息或於股東大會投票之權利。

Notes to Financial Statements (Continued)
財務報表附註(續)

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33. SHARE OPTION SCHEME (Continued)

The following share options were outstanding under the Scheme during the year:

33. 購股權計劃(續)

以下為於年內該計劃項下尚未行使之購股權：

		2017		2016	
		Weighted average exercise price 加權平均 行使價 HK\$ per share 每股港幣元	Number of options 購股權數目	Weighted average exercise price 加權平均 行使價 HK\$ per share 每股港幣元	Number of options 購股權數目
At 1 January	於1月1日	1.871	78,493,840	1.889	64,089,600
Granted during the year	年內授出	2.812	25,190,000	1.812	19,790,000
Forfeited during the year	年內沒收	—	—	1.861	(5,385,760)
Exercised during the year	年內行使	1.881	(19,020,960)	—	—
At 31 December	於12月31日	2.150	84,662,880	1.871	78,493,840

Notes to Financial Statements (Continued)
財務報表附註(續)

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33. SHARE OPTION SCHEME (Continued)

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

33. 購股權計劃(續)

於報告期間結束時尚未行使之購股權之行使價及行使期間如下：

Number of options		Exercise price	Exercise period
購股權數目		HK\$ per share	
		行使價	
		每股港幣元	行使期間
2017	2016		
199,680	17,031,840	1.875	01-01-2016 to 31-12-2022
588,800	2,777,600	1.930	01-01-2017 to 31-12-2023
4,812,000	4,812,000	1.892	21-01-2018 to 20-01-2025
12,654,000	12,654,000	1.875	01-01-2018 to 31-12-2022
2,083,200	2,083,200	1.930	01-01-2019 to 31-12-2023
6,872,000	6,872,000	1.812	27-01-2019 to 27-01-2026
12,654,000	12,654,000	1.875	01-01-2020 to 31-12-2022
3,609,000	3,609,000	1.892	21-01-2020 to 20-01-2025
9,076,000	—	2.620	26-01-2020 to 26-01-2027
1,000,000	—	4.550	20-07-2020 to 21-07-2027
2,083,200	2,083,200	1.930	01-01-2021 to 31-12-2023
5,154,000	5,154,000	1.812	27-01-2021 to 27-01-2026
3,609,000	3,609,000	1.892	21-01-2022 to 20-01-2025
6,807,000	—	2.620	26-01-2022 to 26-01-2027
750,000	—	4.550	20-07-2022 to 21-01-2027
5,154,000	5,154,000	1.812	27-01-2023 to 27-01-2026
6,807,000	—	2.620	26-01-2024 to 26-01-2027
750,000	—	4.550	26-07-2024 to 20-07-2027
84,662,880	78,493,840		

Notes:

- (a) The fair value of the share options granted during the year was HK\$12,688,000 (range from RMB0.385 to RMB0.751 each) (2016: HK\$3,485,000 (range from RMB0.153 to RMB0.203 each)), of which the Group recognised a share option expense of RMB4,636,000 (2016: RMB2,352,000) during the year ended 31 December 2017.

附註：

- (a) 年內授出的購股權公允值為港幣12,688,000元(介乎每份人民幣0.385元至人民幣0.751元)(2016：港幣3,485,000元(介乎每份人民幣0.153元至人民幣0.203元))，就此，本集團於截至2017年12月31日止年度確認購股權開支人民幣4,636,000元(2016年：人民幣2,352,000元)。

Notes to Financial Statements (Continued)
財務報表附註(續)

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33. SHARE OPTION SCHEME (Continued)

Notes: (Continued)

(a) (Continued)

The fair value of equity-settled share options granted during the current year was estimated as at the date of grant, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

		2017	2016
Dividend yield (%)	股息率(%)	5.900	8.110
Expected volatility (%)	預期波幅(%)	32.000	32.010
Historical volatility (%)	歷史波幅(%)	32.000	32.010
Risk-free interest rate (%)	無風險利率(%)	1.431	1.700
Expected life of options (year)	購股權的估計年期(年)	10.000	10.000
Weighted average share price (HK\$)	加權平均股價(港幣元)	2.812	1.630

The expected life of the options is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility 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.

(b) At the end of the reporting period, the Company had 84,662,880 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 84,662,880 additional ordinary shares of the Company and additional share capital of appropriately RMB7,214,000 and share premium of RMB147,507,000 (before issue expenses).

Subsequent to the end of the reporting period, on 25 January 2018, a total of 36,860,000 share options were granted to certain directors and employees of the Group in respect of their services to the Group in the forthcoming year. 40%, 30% and 30% of the share options will be vested on 25 January 2021, 25 January 2023 and 25 January 2025, respectively. These share options have an exercise price of HK\$5.88 per share and an exercise period from 25 January 2021 to 25 January 2028. The price of the Company's shares at the date of grant was HK\$5.88 per share.

At the date of approval of these financial statements, the Company had 121,522,880 share options outstanding under the Scheme, which represented approximately 2.9% of the Company's shares in issue as at that date.

33. 購股權計劃(續)

附註：(續)

(a) (續)

於本年度授出的股本結算購股權的公允值乃於授出當日經考慮授出購股權的條款及條件予以估計。下表載列所採用模型的參數：

購股權的估計年期未必顯示可能出現的行使規律。預期波幅反映歷史波幅可顯示未來趨勢的假設，但亦未必為實際結果。

計量公允值時並無計及已授出購股權之其他特性。

(b) 於報告期間結束時，本公司於該計劃項下有84,662,880份購股權未獲行使。根據本公司現時資本架構，悉數行使尚未行使購股權將導致額外發行84,662,880股本公司普通股及產生額外股本約人民幣7,214,000元及股份溢價人民幣147,507,000元(未扣除發行開支)。

於報告期間結束後，於2018年1月25日，本集團就本集團若干董事及僱員來年服務本集團向彼等授出合共36,860,000份購股權。該等購股權之40%、30%及30%將分別於2021年1月25日、2023年1月25日及2025年1月25日歸屬。該等購股權之行使價為每股股份港幣5.88元，行使期介乎2021年1月25日至2028年1月25日。本公司股份於授出日期之價格為每股港幣5.88元。

於該等財務報表獲批准之日，本公司有121,522,880份該計劃項下尚未行使購股權，相當於本公司當日已發行股份約2.9%。

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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.

(i) Statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Group's subsidiaries established in the PRC, and were approved by the respective boards of directors.

(ii) Capital reserve

Certain amount of gain or loss arising on the acquisition of non-controlling interests and disposal of the Group's subsidiaries without loss of control was recognised as capital reserve.

35. SENIOR PERPETUAL SECURITIES

On 29 September 2017, the Company issued senior perpetual securities with a principal amount of US\$300,000,000 (equivalent to approximately RMB1,911,986,000).

The securities confer the holders a right to receive distributions at the applicable distribution rate of 5.375% per annum from and including 29 March 2018, payable semi-annually on 29 March and 29 September of each year. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. Unless and until the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount, the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buy-back or acquire for any consideration any share capital thereof. The securities may be redeemed at the option of the Company, in whole but not in part.

In the opinion of the directors, the Company is able to control the delivery of cash or other financial assets to the holders of the senior perpetual securities due to redemption other than an unforeseen liquidation of the Company. Accordingly, the senior perpetual securities are classified as equity instruments of the Company.

34. 儲備

本集團於本年度及過往年度的儲備金額及其變動列載於綜合權益變動表。

(i) 法定盈餘儲備

自保留利潤轉撥至法定盈餘儲備乃根據中國相關規則和法規以及本集團在中國成立的附屬公司的組織章程細則作出，並經由各自的董事會批准。

(ii) 資本儲備

因收購非控股權益及出售本集團附屬公司(未喪失控制權)而產生的若干數額收益或虧損被確認為資本儲備。

35. 高級永續證券

於2017年9月29日，本公司發行高級永續證券，本金金額為300,000,000美元(相等於約人民幣1,911,986,000元)。

該等證券賦予持有人權利自2018年3月29日起(包括該日)以適用分派率每年5.375%收取分派，於各年3月29日及9月29日每半年派付。本公司酌情釐定可選擇根據證券條款延後分派。除非及直至本公司悉數償付分派的所有尚未償還欠款及任何額外分派金額，本公司不得就當中任何股本宣派或派付任何股息、分派或作出付款，並將促使不會就有關股本派付股息或作出其他付款，或為任何代價贖回、減少、註銷、購回或收購。該等證券可按本公司選擇全部或部分贖回。

董事認為，由於本公司有能力控制因贖回證券而非預料之外的清盤交付現金或其他金融資產予高級永續證券持有人。因此，高級永續證券分類作本公司權益工具。

Notes to Financial Statements (Continued)
財務報表附註(續)

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36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON- CONTROLLING INTERESTS

Details of the Group's subsidiary that has material non-controlling interests are set out below:

36. 擁有重大非控股權益的非全資 附屬公司

擁有重大非控股權益的本集團附屬公司詳情
載列如下：

		2017	2016
Percentage of equity interest held by non-controlling interests:	由非控股權益持有的股權百分比：		
Xiamen Xiangzhou	廈門翔洲	49%	49%
		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Profit for the year allocated to non-controlling interests:	分配至非控股權益的年度利潤：		
Xiamen Xiangzhou	廈門翔洲	378,074	320,438
Accumulated balances of non-controlling interests at reporting dates:	由非控股權益於報告日期持有的累計餘額：		
Xiamen Xiangzhou	廈門翔洲	712,175	335,181

Notes to Financial Statements (Continued)
財務報表附註(續)

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**36. PARTLY-OWNED SUBSIDIARIES
WITH MATERIAL NON-
CONTROLLING INTERESTS (Continued)**

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

Xiamen Xiangzhou

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Revenue	收入	2,126,271	3,048,801
Total expenses	開支總額	(99,978)	(41,824)
Profit for the year	年內利潤	771,579	653,954
Total comprehensive income for the year	年度全面收益總額	771,579	653,954
Current assets	流動資產	3,671,071	3,501,527
Non-current assets	非流動資產	501	417
Current liabilities	流動負債	(2,211,682)	(2,717,900)
Non-current liabilities	非流動負債	(6,471)	(100,000)
Net cash flows from operating activities	經營活動所得現金流量淨額	1,055,408	1,923,940
Net cash flows used in investing activities	投資活動所用現金流量淨額	(83,275)	(1,152,912)
Net cash flows used in financing activities	融資活動所用現金流量淨額	(930,000)	(1,089,750)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加／(減少)淨額	42,133	(318,722)

**36. 擁有重大非控股權益的非全資
附屬公司(續)**

下表列示上述附屬公司之財務資料概要。所披露金額為扣除任何集團內公司間的抵銷前的金額：

廈門翔洲

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37. ACQUISITION OF SUBSIDIARIES**(a) Acquisition of subsidiaries that does not constitute business****(i) In the current year**

In December 2016, the Group entered into an equity transfer agreement with an independent third party for the acquisition of the entire equity interests in Kunshan Fuzhi Dingxin Equity Investment Enterprise ("Fuzhi") and Wuhan Lan Kong at an aggregate consideration of approximately RMB3,589 million. Up to the date of the acquisition, Fuzhi and Wuhan Lan Kong have not carried out any significant business transactions except for holding land parcels in Hubei Province, the PRC. Accordingly, the transaction is not accounted for as a business combination but an acquisition of an asset. The acquisition was completed in November 2017 and Fuzhi and Wuhan Lan Kong have become subsidiaries of the Group. The net outflow of cash and cash equivalents included in cash flows from investing activities amounted to RMB2,266 million, representing cash consideration paid of RMB2,267 million net of cash and cash equivalents acquired of RMB1 million. The remaining consideration payable of RMB1,122 million was included in other payables as at 31 December 2017.

In May 2017, the Group entered into an equity transfer agreement with an independent third party for the acquisition of the entire equity interest in Jiangsu Guangsheng at an aggregate consideration of RMB710 million. Up to the date of the acquisition, Jiangsu Guangsheng has not carried out any significant business transactions except for holding land parcels in Zhejiang Province, the PRC. Accordingly, the transaction is not accounted for as a business combination but an acquisition of an asset. The acquisition was completed in May 2017 and Jiangsu Guangsheng has become a subsidiary of the Group. The net outflow of cash and cash equivalents included in cash flows from investing activities amounted to RMB250 million, representing cash consideration paid of RMB270 million net of cash and cash equivalents acquired of RMB20 million.

37. 收購附屬公司**(a) 並不構成業務的附屬公司收購****(i) 本年度**

於2016年12月，本集團就收購於昆山富智鼎鑫股權投資企業（「富智」）及武漢藍空的全部股權與獨立第三方訂立股權轉讓協議，總代價約為人民幣35.89億元。直至收購日期，富智及武漢藍空除持有中國湖北省的地塊外，並無開展任何重大業務交易。因此，此項交易並無入賬列作業務合併，而是收購資產。收購事項已於2017年11月完成，而富智及武漢藍空成為本集團的附屬公司。投資活動所得現金流量包括的現金及現金等價物流出淨額為人民幣22.66億元，指已付現金代價人民幣22.67億元扣除所收購現金及現金等價物人民幣0.01億元。餘下應付代價人民幣11.22億元列入於2017年12月31日的其他應付款項。

於2017年5月，本集團就收購於江蘇廣升的全部股權與獨立第三方訂立股權轉讓協議，總代價為人民幣7.10億元。直至收購日期，江蘇廣升除持有中國浙江省的地塊外，並無開展任何重大業務交易。因此，此項交易並無入賬列作業務合併，而是收購資產。收購事項已於2017年5月完成，而江蘇廣升成為本集團的附屬公司。投資活動所得現金流量包括的現金及現金等價物流出淨額為人民幣2.50億元，指已付現金代價人民幣2.70億元扣除所收購現金及現金等價物人民幣0.2億元。

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37. ACQUISITION OF SUBSIDIARIES

(Continued)

(a) Acquisition of subsidiaries that does not constitute business (Continued)**(ii) In the prior year**

In July 2016, the Group entered into an equity transfer agreement with independent third parties for the acquisition of the entire interest in Zhongwei at an aggregate consideration of approximately RMB4,104 million, of which RMB2,330 million was for the acquisition of the equity interest in Zhongwei and RMB1,774 million was for the acquisition of a sale loan. Up to the date of the acquisition, Zhongwei has not carried out any significant business transactions except for holding land parcels in Hangzhou, the PRC. Accordingly, the transaction is not accounted for as a business combination but an acquisition of an asset. The acquisition was completed in August 2016 and Zhongwei has become a subsidiary of the Group. The net outflow of cash and cash equivalents included in cash flows from investing activities amounted to RMB2,047,945,000, representing cash consideration paid of RMB2,051,936,000 net of cash and cash equivalents acquired of RMB3,991,000. The remaining consideration payable of RMB2,051,936,000 was included in other payables as at 31 December 2016.

In December 2016, the Group entered into a share transfer agreement with an independent third party for the disposal of a 51.5% equity interest in Zhongwei at a consideration of RMB1,200 million. The disposal was completed in December 2016 and Zhongwei then became a joint venture of the Group. Further details are set out in note 38(b) to the financial statements.

37. 收購附屬公司(續)**(a) 並不構成業務的附屬公司收購(續)****(ii) 上一年度**

於2016年7月，本集團就收購中維的全部權益與獨立第三方訂立股權轉讓協議，總代價約為人民幣41.04億元，其中人民幣23.30億元有關收購中維地產的股權，而人民幣17.74億元有關收購銷售貸款。直至收購日期，中維地產除持有中國杭州的地塊外，並無開展任何重大業務交易。因此，此項交易並無入賬列作業務合併，而是收購資產。收購事項已於2016年8月完成，而中維地產成為本集團的附屬公司。投資活動所得現金流量包括的現金及現金等價物流出淨額為人民幣2,047,945,000元，指已付現金代價人民幣2,051,936,000元扣除所收購現金及現金等價物人民幣3,991,000元。餘下應付代價人民幣2,051,936,000元列入於2016年12月31日的其他應付款項。

於2016年12月，本集團就出售中維地產的51.5%股權與一名獨立第三方訂立股份轉讓協議，代價為人民幣12億元。出售事項已於2016年12月完成，而中維地產隨後成為本集團的合營公司。進一步詳情載於財務報表附註38(b)。

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財務報表附註(續)

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37. ACQUISITION OF SUBSIDIARIES

(Continued)

(b) Business combinations in the current year

In June 2017, the Group acquired a 51% interest in Huizhou Santian Industrial Development Co., Ltd. ("Huizhou Santian"). After the completion of the acquisition, Huizhou Santian became a non-wholly owned subsidiary of the Group. Huizhou Santian is engaged in property development in Huizhou, the PRC. The acquisition was made as part of the Group's strategy to expand market share of property development in Huizhou. The purchase consideration for the acquisition was in the form of cash of RMB233 million which had been fully paid at the acquisition date.

In November 2017, the Group acquired a 50.4% interest in Hefei Yifeng Real Estate Development Co., Ltd. ("Hefei Yifeng"). After the completion of the acquisition, Hefei Yifeng become a wholly-owned subsidiary of the Group. Hefei Yifeng is engaged in property development in Hefei, the PRC. The purchase consideration for the acquisition was in the form of cash of RMB151 million which had been fully paid at the acquisition date.

37. 收購附屬公司(續)

(b) 本年度的業務合併

於2017年6月，本集團收購惠州市三田實業發展有限公司(「惠州市三田」)的51%權益。於收購事項完成後，惠州市三田成為本集團之非全資附屬公司。惠州市三田從事於中國惠州的物業發展。收購事項為本集團擴大於惠州物業發展市場的市場份額之策略的一部分。收購事項之購買代價已於收購日期以現金人民幣2.33億元悉數支付。

於2017年11月，本集團收購合肥溢豐房地產開發有限公司(「合肥溢豐」)的50.4%權益。於收購事項完成後，合肥溢豐成為本集團全資附屬公司。合肥溢豐從事於中國合肥的物業發展。收購事項之購買代價已於收購日期以現金人民幣1.51億元悉數支付。

Notes to Financial Statements (Continued)
財務報表附註(續)

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37. ACQUISITION OF SUBSIDIARIES

(Continued)

(b) Business combinations in the current year
(Continued)

The fair values of the identifiable assets and liabilities of Huizhou Santian and Hefei Yifeng as at the date of acquisition were as follows:

37. 收購附屬公司(續)

(b) 本年度的業務合併(續)

惠州市三田及合肥溢豐於收購日期可識別資產及負債之公允值如下：

		Fair value recognised on acquisition 就收購事項確認之公允值			
		Huizhou Santian 惠州市三田 RMB'000 人民幣千元	Hefei Yifeng 合肥溢豐 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
	Notes 附註				
Property, plant and equipment	物業、廠房及設備	13	318	—	318
Land held for property development for sale	持作物業發展銷售用途的土地	18	—	1,945,572	1,945,572
Properties held for sale	持作銷售用途的物業		408,596	—	408,596
Prepayments, deposit and other receivables	預付款、按金及其他應收款項		595,001	64,186	659,187
Cash and bank balances	現金及銀行結餘		229,075	1,691	230,766
Trade payables	貿易應付款項		(16,132)	(919)	(17,051)
Other payables and accruals	其他應付款項及應計費用		(694,505)	(1,711,056)	(2,405,561)
Receipts in advance	預收款項		(78,669)	—	(78,669)
Total identifiable net assets at fair value	以公允值列賬之可識別資產淨值總額		443,684	299,474	743,158
Non-controlling interests	非控股權益		(210,927)	—	(210,927)
			<u>232,757</u>	<u>299,474</u>	<u>532,231</u>
Satisfied by:	以下列方式支付：				
Cash	現金		232,757	151,230	383,987
Reclassification from a pre-existing interest in joint venture to an investment in a subsidiary	自於合營公司已有權益重新分類至於附屬公司的投資		—	148,244	148,244
			<u>232,757</u>	<u>299,474</u>	<u>532,231</u>

Notes to Financial Statements (Continued)
財務報表附註(續)

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37. ACQUISITION OF SUBSIDIARIES

(Continued)

(b) Business combinations in the current year

(Continued)

An analysis of the cash flows in respect of the acquisition of Huizhou Santian and Hefei Yifeng is as follows:

		Huizhou Santian 惠州市三田 RMB'000 人民幣千元	Hefei Yifeng 合肥溢豐 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cash consideration	現金代價	(232,757)	(151,230)	(383,987)
Cash and cash equivalents acquired	所收購現金及現金等價物	229,075	1,691	230,766
Net outflow of cash and cash equivalents included in cash flows from investing activities	計入投資活動所產生 現金流量之現金及 現金等價物流出淨額	(3,682)	(149,539)	(153,221)

Note: Since the acquisitions, Huizhou Santian and Hefei Yifeng had no significant contribution to the revenue and profit of the Group for the year ended 31 December 2017.

37. 收購附屬公司(續)

(b) 本年度的業務合併(續)

收購惠州市三田及合肥溢豐的現金流量分析如下：

附註：自收購以來，於截至2017年12月31日止年度，惠州市三田及合肥溢豐向本集團收入及利潤概無重大貢獻。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

38. DISPOSAL OF SUBSIDIARIES

38. 出售附屬公司

(a) Deemed disposal of subsidiaries upon loss of control in the current year

(a) 本年度於失去控制權時被視為出售附屬公司

		Notes 附註	2017 RMB'000 人民幣千元
Net assets deconsolidated:	取消綜合之資產淨值：		
Property, plant and equipment	物業、廠房及設備	13	573,248
Investment properties	投資物業	14	60,100
Deferred tax assets	遞延稅項資產	31	19,828
Properties under development	在建物業		3,412,123
Prepayments, deposit and other receivables	預付款、按金及其他應收款項		5,774,040
Cash and bank balances	現金及銀行結餘		348,170
Trade payables	貿易應付款項		(305,096)
Other payables and accruals	其他應付款項及應計費用		(2,797,222)
Receipts in advance	預收款項		(1,926,555)
Interest-bearing bank borrowings	付息銀行借款		(3,609,900)
			1,548,736
Loss on deemed disposal of subsidiaries upon loss of control	失去控制權時被視為出售附屬公司的虧損	7	(17,479)
Reclassification to investments in joint ventures	重新分類至於合營公司的投資		(1,072,097)
			459,160
Satisfied by:	支付方式：		
Cash	現金		459,160

An analysis of the net inflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries upon loss of control is as follows:

有關於失去控制權時被視為出售附屬公司之現金及現金等價物流入淨額之分析如下：

		2017 RMB'000 人民幣千元
Cash and bank balances deconsolidated	取消綜合之現金和銀行結餘	(348,170)
Cash consideration received	收到現金代價	459,160
Net inflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries upon loss of control	有關於失去控制權時被視為出售附屬公司之現金及現金等價物流入淨額	110,990

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

38. DISPOSAL OF SUBSIDIARIES (continued)

38. 出售附屬公司(續)

(b) Disposal of a subsidiary upon loss of control in the prior year

(b) 上一年度於失去控制權時出售一間附屬公司

		Note 附註	2016 RMB'000 人民幣千元
Net assets deconsolidated:	取消綜合之資產淨值：		
Property, plant and equipment	物業、廠房及設備	13	1,996
Properties under development	在建物業		4,171,097
Prepayments, deposit and other receivables	預付款、按金及其他應收款項		261,871
Cash and bank balances	現金及銀行結餘		4,012
Trade payables	貿易應付款項		(2,162)
Other payables and accruals	其他應付款項及應計費用		(706,717)
Interest-bearing bank borrowing	付息銀行借款		(1,400,000)
			2,330,097
Reclassification to investments in joint ventures	重新分類至於合營公司的投資		(1,130,097)
			<u>1,200,000</u>
Satisfied by:	支付方式：		
Cash	現金		<u>1,200,000</u>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary upon loss of control is as follows:

有關於失去控制權時出售一間附屬公司之現金及現金等價物流入淨額之分析如下：

		2016 RMB'000 人民幣千元
Cash and bank balances deconsolidated	取消綜合之現金和銀行結餘	(4,012)
Cash consideration received	收到現金代價	<u>1,200,000</u>
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary upon loss of control	有關於失去控制權時出售一間附屬公司之現金及現金等價物流入淨額	<u>1,195,988</u>

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

39. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

39. 融資活動產生的負債變動

		Interest-bearing bank and other borrowings 計息銀行貸款及其他借貸 RMB'000 人民幣千元	Senior notes 優先票據 RMB'000 人民幣千元
At 1 January 2017	於2017年1月1日	10,281,407	5,505,386
Changes from financing cash flows	融資現金流量變動	7,244,520	(1,521,313)
Decrease arising from deemed disposal of subsidiaries upon loss of control (note 38(a))	於失去控制權時被視為出售附屬公司的跌幅 (附註38(a))	(3,609,900)	—
Foreign exchange movement	外匯變動	(204,162)	(128,452)
At 31 December 2017	於2017年12月31日	13,711,865	3,855,621

40. FINANCIAL GUARANTEES

40. 財務擔保

The Group had the following financial guarantees as at the end of the reporting period:

本集團於報告期間結束時的財務擔保如下：

	Note 附註	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Guarantees in respect of the mortgage facilities provided to certain purchasers of the Group's properties	(a)	12,501,283	15,228,695
Guarantees given to banks and other lenders in connection with facilities granted to joint ventures		5,299,680	4,032,013
Guarantees given to banks and other lenders in connection with facilities granted to an associate		350,000	—
		18,150,963	19,260,708

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

40. FINANCIAL GUARANTEES (continued)

Note:

- (a) As at 31 December 2017, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction proceeds as described below.

Pursuant to 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 is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties. In addition, according to the relevant agreements signed by certain subsidiaries of the Group with the banks, property purchasers of the Group can arrange mortgage with these banks and the subsidiaries are required to place at designated bank accounts certain amounts as deposits for potential default of mortgage loans advanced to property purchasers. Such guarantee deposits will be released after the property ownership certificates of the relevant properties have been passed to the bank. At 31 December 2017, such deposits amounted to RMB392,609,000 (2016: RMB380,518,000) (note 22(c)(ii)).

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate 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 directors of the Company consider that the fair value of the guarantees is not significant, and in case of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties. Therefore, no provision for the guarantees has been made in the financial statements.

40. 財務擔保(續)

附註：

- (a) 於2017年12月31日，本集團就若干銀行授出的有關為本集團物業的若干買家安排的按揭貸款的按揭融資提供擔保。根據擔保條款，倘該等買家於擔保屆滿前未能償還按揭款項，則本集團負責償還違約買家欠付銀行的未償還按揭本金連同應計利息及罰款，扣除任何下文所述的拍賣所得款項。

根據以上安排，有關物業已作為按揭貸款的抵押品而抵押予銀行，倘該等買家未能償還按揭款項，則銀行有權接收法定業權，並將透過公開拍賣變現抵押物業。當物業拍賣所得款項無法彌補未償還的按揭本金連同應計利息及罰款時，則本集團須負責向銀行還款。此外，根據本集團若干附屬公司與銀行簽署的相關協議，本集團的物業買家可安排向該等銀行按揭，該等附屬公司須將若干數額的款項存入指定銀行賬戶，作為潛在物業買家拖欠支付銀行按揭貸款的按金。該等擔保按金將於有關物業的房產證交予銀行後方可解除。於2017年12月31日，該等按金為人民幣392,609,000元(2016年：人民幣380,518,000元)(附註22(c)(ii))。

本集團之擔保期由授出相關按揭貸款之日期起至向買家發出房產證為止，一般而言為買家收樓後之一至兩年內。

本公司董事認為該等擔保的公允值並不重大，倘買家未能支付款項，相關物業的可變現淨值足以抵銷償還所欠按揭本金連同累計利息及罰款，故此，財務報表內並無為該等擔保作出撥備。

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41. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank and other loans and senior notes are included in notes 27 and 29 to the financial statements, respectively.

42. OPERATING LEASE ARRANGEMENTS**(a) As lessor**

The Group leases its investment properties (note 14) under operating lease arrangements, with leases negotiated for terms ranging from one to fifteen years. The terms of the leases generally also require the tenants to pay security deposits and to provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Within one year	1年內	206,147	197,513
In the second to fifth years, inclusive	2至5年內(包括首尾兩年)	532,821	542,171
After five years	5年後	346,903	440,294
		<u>1,085,871</u>	<u>1,179,978</u>

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases are negotiated for terms ranging from one to three years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Within one year	1年內	3,331	5,296
In the second to fifth years, inclusive	2至5年內(包括首尾兩年)	1,727	4,040
		<u>5,058</u>	<u>9,336</u>

41. 資產抵押

以本集團資產抵押的本集團銀行及其他貸款及優先票據詳情分別載於財務報表附註27及29。

42. 經營租賃安排**(a) 作為出租人**

本集團根據經營租賃安排出租其投資物業(附註14)，租期議定為介乎1至15年不等。該等租賃的條款一般亦要求承租人支付保證金並根據當時的市場狀況定期調整租金。

於報告期間結束時，本集團根據與承租人訂立於下列租期內到期的不可撤銷經營租賃而應收的未來最少租金總額如下：

(b) 作為承租人

本集團根據經營租賃安排租用若干辦公室物業。租期議定為介乎1至3年不等。

於報告期間結束時，本集團根據於下列租期內到期的不可撤銷經營租賃而應付的未來最少租金總額如下：

Notes to Financial Statements (Continued)
財務報表附註(續)

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43. CAPITAL AND OTHER COMMITMENTS

In addition to the operating lease commitments detailed in note 42(b) above, the Group had the following capital and other commitments as at the end of the reporting period:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Contracted, but not provided for:	已訂約但未撥備：		
Investment properties under construction and properties under development	在建投資物業及在建物業	3,992,766	4,479,376
Acquisition of land use rights	收購土地使用權	—	2,992,487
Acquisition of a project company	收購項目公司	148,849	3,547,217
		<u>4,141,615</u>	<u>11,019,080</u>

In addition, the Group's share of joint ventures' own capital commitments, which are not included in the above, is as follows:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Contracted, but not provided for	已訂約但未撥備	<u>4,499,809</u>	<u>734,362</u>

43. 資本及其他承擔

除詳載於上文附註42(b)的經營租賃承擔外，本集團於報告期間結束時的資本及其他承擔如下：

此外，本集團應佔合營公司擁有的資本承擔（並未包括於上文）載列如下：

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

44. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following transactions with a related party during the year:

	Note	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Service fees paid to Xiamen Zongheng Group Company Limited	(i)	46,241	49,496

- (i) The service fees were incurred for the design, installation and testing of house entrance intelligence systems provided by Xiamen Zongheng Group Company Limited in relation to properties held for sale, at rates similar to the terms and conditions set out in the contracts entered into with the other major suppliers of the Group. Xiamen Zongheng Group Company Limited is a company controlled by Mr. Lam Lung On and Ms. Kwok Ying Lan.

- (b) **Compensation of key management personnel of the Group**
In the opinion of the Company's directors, the directors and the chief executive officer of the Company represented the key management personnel of the Group and details of the compensation of the key management personnel are set out in note 8 to the financial statements.

- (c) Certain of the bank and other borrowings of the Group's joint ventures are secured by pledges over the Group's equity interests in the joint ventures with an aggregate carrying amount at the end of the reporting period of approximately RMB2,492,738,000 (2016: RMB2,911,402,000).

45. FINANCIAL INSTRUMENTS BY CATEGORY

Other than derivative financial instruments being classified as financial assets at fair value through profit or loss as disclosed in note 26 to the financial statements, all financial assets and liabilities of the Group as at 31 December 2017 and 2016 were loans and receivables and financial liabilities stated at amortised cost, respectively.

44. 關連方交易

- (a) 除在該等財務報表其他部分詳細載列的交易及結餘外，年內本集團與一名關連方的交易如下：

	Note	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Service fees paid to Xiamen Zongheng Group Company Limited	(i)	46,241	49,496

- (i) 該服務費為廈門縱橫集團股份有限公司就持作銷售用途的物業提供智能門禁系統的設計、安裝及測試費用，費用標準與本集團其他主要供應商簽訂的合約中所載條款及條件相近。廈門縱橫集團股份有限公司為由林龍安先生及郭英蘭女士控制的一間公司。

- (b) **本集團主要管理層人員的薪酬**
本公司董事認為，本公司董事及行政總裁指本集團的主要管理層人員，主要管理層人員的薪酬詳情載於財務報表附註8。

- (c) 本集團合營公司的若干銀行及其他借貸以本集團於合營公司的股權(於報告期末的賬面總值約為人民幣2,492,738,000元(2016年：人民幣2,911,402,000元))作抵押。

45. 按類別劃分的金融工具

除財務報表附註26所披露的分類為按公允值於損益中記賬的金融資產的衍生金融工具外，於2017年及2016年12月31日，本集團的所有金融資產及負債分別為貸款與應收款項及按攤銷成本入賬的金融負債。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments as at 31 December 2017 and 2016 approximated to their fair values.

Management has assessed that the fair values of deposits and other receivables, derivative financial instruments, restricted cash, cash and cash equivalents, trade payables, other payables and accruals and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group uses fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly for determining and disclosing the fair value of financial instruments. As at 31 December 2017, the Group's financial instruments which comprise derivative financial instruments were measured at fair value and determined as level 2 financial instruments.

The Group did not have any financial assets measured at fair value other than derivative financial instruments as at 31 December 2017.

The Group did not have any financial liabilities measured at fair value other than derivative financial instruments as at 31 December 2017.

For the Group's assets and liabilities not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed, the carrying amounts of the non-current portion of interest-bearing bank and other borrowings and corporate bonds approximated to their fair values and were determined as Level 3, and the fair value of the senior notes was RMB4,045,622,000 (2016: RMB5,563,686,000) and was determined as Level 1.

46. 金融工具的公允值及公允值層級

於2017年及2016年12月31日，本集團金融工具的賬面值與其公允值相若。

管理層評定按金及其他應收款項、衍生金融工具、受限制現金、現金及現金等價物、貿易應付款項、其他應付款項及應計費用、計息銀行貸款及其他借貸的公允值與彼等的賬面值相若，主因該等工具期限較短。

本集團釐定及披露金融工具的公允值時，乃使用基於對所記錄公允值有重大影響之任何輸入數據均可直接或間接被觀察之估值方法計算之公允值。於2017年12月31日，本集團金融工具(包括衍生金融工具)乃按公允值計量，並獲釐定為第2級金融工具。

除衍生金融工具外，本集團於2017年12月31日並無任何按公允值計量的金融資產。

除衍生金融工具外，本集團於2017年12月31日並無任何按公允值計量的金融負債。

就本集團於綜合財務狀況表內並非以公允值計量但披露其公允值的資產及負債，計息銀行貸款以及其他借貸及公司債券非即期部分的賬面值與其公允值相若，並獲釐定為第3級。優先票據的公允值為人民幣4,045,622,000元(2016年：人民幣5,563,686,000元)，並獲釐定為第1級。

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46. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of the non-current portion of interest-bearing bank and other borrowings and corporate bonds 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 fair value of the senior notes is calculated with reference to price quotations from financial institutions at the reporting date. The Group's own non-performance risk for interest-bearing bank and other borrowings and corporate bonds as at 31 December 2017 was assessed to be insignificant.

The Group entered into derivative financial instruments with creditworthy banks with no history of default. Derivative financial instruments, including structured forward currency contracts, are measured using valuation techniques similar to forward pricing. The model incorporates various market observable inputs including foreign exchange spot and forward rates. The carrying amounts of structured forward currency contracts are the same as their fair values.

The details of the valuation technique and the inputs used in the fair value measurement of investment properties and derivative financial instruments have been disclosed in note 14 and note 26, respectively.

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 (2016: Nil).

46. 金融工具的公允值及公允值層級(續)

計息銀行貸款及其他借貸以及公司債券非即期部分的公允值乃以預期未來現金流，使用以類似條款、信貸風險及剩餘年期的現行可供比較工具的利率貼現而計算。優先票據的公允值乃參考報告日金融機構報價計算所得。於2017年12月31日，本集團對於計息銀行貸款及其他借貸以及公司債券的自身不履約風險被評為不重大。

本集團與並無違約記錄的信譽良好的銀行訂立衍生金融工具。衍生金融工具(包括結構性遠期貨幣合約)採用與遠期定價類似的估值方法計量。該模型整合多項市場可觀察輸入數據，包括外匯即期及遠期匯率。結構性遠期貨幣合約的賬面值與其公允值相同。

投資物業及衍生金融工具的估值方法及公允值計量的輸入數據詳情分別於附註14及附註26披露。

年內，就金融資產及金融負債而言，公允值計量並無於第1級與第2級之間發生轉移，亦無轉入或轉出第3級(2016年：無)。

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**47. FINANCIAL RISK MANAGEMENT
OBJECTIVES AND POLICIES**

The Group's principal financial instruments comprise bank and other borrowings and cash and short term deposits. 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 trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, 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.

Market risk

The Group's assets are predominantly in the form of land held for property development for sale, investment properties, properties under development and properties held for sale. In the event of a severe downturn in the property market, these assets may not be readily realised.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in Mainland China at the same saving rate as unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other borrowings with floating interest rates. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk, and will consider hedging significant interest rate risk should the need arise.

47. 財務風險管理的目標及政策

本集團的主要金融工具包括銀行及其他借貸以及現金及短期存款。該等金融工具的主要目的是協助本集團籌集經營資金。本集團擁有各種其他金融資產及負債，例如從經營中直接產生的貿易應付款項。

本集團的金融工具所引致的主要風險為市場風險、利率風險、外幣風險、信貸風險及流動性風險。董事會審閱並同意有關管理各項該等風險的政策，茲概述如下。

市場風險

本集團資產的主要形式為持作物業開發銷售用途的土地、投資物業、在建物業及持作銷售用途的物業。在物業市場十分低迷的情況下，該等資產可能不易變現。

利率風險

本集團的大部分收入及經營現金流量不受市場利率變動所影響。除銀行存款之外，本集團並無重大計息資產。於整個年度內，中國大陸銀行受限制存款與非受限制存款的儲蓄利率相同。本集團所承擔市場利率變動的風險主要與本集團按浮動利率計息的銀行及其他借貸有關。本集團並無使用任何利率掉期以對沖其利率風險，惟必要時將考慮對沖重大利率風險。

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**47. FINANCIAL RISK MANAGEMENT
OBJECTIVES AND POLICIES (Continued)****Interest rate risk (Continued)**

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

2017	2017
Renminbi	人民幣
Renminbi	人民幣
Hong Kong dollar	港幣
Hong Kong dollar	港幣
United States dollar	美元
United States dollar	美元

2016	2016
Renminbi	人民幣
Renminbi	人民幣
Hong Kong dollar	港幣
Hong Kong dollar	港幣
United States dollar	美元
United States dollar	美元

Foreign currency risk

All of the Group's turnover and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

47. 財務風險管理的目標及政策(續)**利率風險(續)**

下表說明在所有其他變量維持不變的情況下，報告期間結束時本集團除稅前利潤的利率合理可能變動的敏感度。本集團權益的其他部分不受重大影響。

Increase/ (decrease) in basis points 增加／(減少) 基點數	Effect on profit before tax 對除稅前 利潤的影響 RMB'000 人民幣千元
--	---

50	(18,366)
(50)	18,366
50	(4,122)
(50)	4,122
50	(2,765)
(50)	2,765

外幣風險

本集團所有的營業額及絕大部分經營開支均以人民幣計值，而人民幣目前並非為可自由兌換的貨幣。中國政府對將人民幣兌換為外幣及（於特定情況下）將貨幣匯出中國大陸施加管制。可用外幣的短缺可能限制本集團的中國附屬公司匯出足夠外幣以向本集團支付股息或其他款項的能力。

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**47. FINANCIAL RISK MANAGEMENT
OBJECTIVES AND POLICIES (Continued)****Foreign currency risk (Continued)**

Under the existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration for Foreign Exchange Bureau. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange Bureau, this could affect the Group's subsidiaries' ability to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from the Company.

The Group's financial assets and liabilities including certain amounts due from/to related parties denominated in Hong Kong dollars, certain short term deposits denominated in Hong Kong dollars and certain bank and other borrowings denominated in Hong Kong dollars and United States dollars are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

A reasonably possible appreciation of 1% in the exchange rate of the Hong Kong dollar or United States dollar against the Renminbi would have material impact on the Group's profit during the year and this would result in an increase in other components of the Group's equity by RMB7,253,000 (2016: increase of RMB18,109,000) in 2017.

47. 財務風險管理的目標及政策(續)**外幣風險(續)**

根據現有的中國外匯法規，經常賬項目的付款(包括股息、貿易及與服務相關的外匯交易)在遵守若干程序要求後可以外幣進行，而無須國家外匯管理局的事先批准。然而，將人民幣兌換為外幣及匯出中國大陸以支付資本賬項目(比如償還以外幣計值的銀行貸款及其他借貸)時，須獲得有關中國政府機關的批准。

目前，本集團的中國附屬公司可購買外幣以結清經常賬戶交易(包括向本公司支付股息)，而無須國家外匯管理局的事先批准。本集團的中國附屬公司亦可在其經常賬戶中留存外幣以償還外幣負債或支付股息。由於資本賬戶的外幣交易仍然受限制且須獲得國家外匯管理局的批准，可能影響本集團附屬公司透過債務或股權融資(包括從本公司取得貸款或出資的形式)獲取所需外匯的能力。

本集團的金融資產及負債(包括以港幣計值的應收／應付關連方若干款項及以港幣計值的若干短期存款和以港幣及美元計值的若干銀行貸款及其他借貸)須承受外幣風險。因此，人民幣兌換外幣的匯率波動可能影響本集團的經營業績。

港幣或美元與人民幣之間的匯率的合理可能上升1%，將對年內本集團的利潤產生重大影響，將導致於2017年本集團權益的其他組成部分增加人民幣7,253,000元(2016年：增加人民幣18,109,000元)。

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**47. FINANCIAL RISK MANAGEMENT
OBJECTIVES AND POLICIES (Continued)****Credit risk**

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. There is no significant concentration of credit risk within the Group.

On top of the credit risk arising from the financial guarantees provided by the Group as detailed in note 40, the credit risk of the Group's other financial assets, which mainly comprise cash and short term deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities are available for contingency purposes. In the opinion of the directors of the Company, the Group will have adequate sources of funding to finance its operation needs and manage its liquidity position.

47. 財務風險管理的目標及政策(續)**信貸風險**

所有客戶購買物業時須預付定金，此為本集團的政策。此外，由於授予任何個人或公司實體的信貸額度並不重大，故本集團並無任何重大信貸風險。本集團並無重大集中信貸風險。

除本集團提供的財務擔保(詳情見附註40)所產生的信貸風險之外，本集團其他金融資產的信貸風險(主要包括現金及短期存款及其他應收款項)皆由對方違約所產生，其最大風險相等於該等工具的賬面值。

流動資金風險

由於本集團的業務屬於資本密集型，本集團確保維持充足的現金及信貸額度以滿足流動資金需求。本集團之目標為透過運用銀行貸款及其他借貸，令資金在持續性及靈活性之間取得平衡。此外，本集團亦備有銀行融資以應對或有事項。本公司董事認為，本集團將擁有充足的資金資源以應對經營所需及管理其流動資金狀況。

Notes to Financial Statements (Continued)
財務報表附註(續)

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47. 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, was as follows:

47. 財務風險管理的目標及政策(續)

流動資金風險(續)

於報告期間結束時本集團金融負債的到期日
(以合約訂明的未貼現付款為基準)如下：

At 31 December 2017

於2017年12月31日

	On demand or within 1 year 按要求或 1年內 RMB'000 人民幣千元	In the second year 第2年內 RMB'000 人民幣千元	3 to 5 years 3至5年 RMB'000 人民幣千元	Beyond 5 years 5年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Interest-bearing bank and other borrowings 計息銀行貸款及其他借貸	7,526,994	1,675,661	6,246,865	731,694	16,181,214
Corporate bonds 公司債券	10,571,600	—	—	—	10,571,600
Senior notes 優先票據	234,241	234,241	2,911,750	1,724,278	5,104,510
Trade payables 貿易應付款項	3,004,832	2,148,688	—	—	5,153,520
Other payables and accruals 其他應付款項及應計費用	12,468,016	2,560,449	—	—	15,028,465
	<u>33,805,683</u>	<u>6,619,039</u>	<u>9,158,615</u>	<u>2,455,972</u>	<u>52,039,309</u>
Financial guarantees issued: 已發出財務擔保：					
Maximum amount guaranteed (note 40) 最高擔保金額(附註40)	<u>18,150,963</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>18,150,963</u>

Notes to Financial Statements (Continued)
財務報表附註(續)

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47. FINANCIAL RISK MANAGEMENT
OBJECTIVES AND POLICIES (Continued)
Liquidity risk (Continued)47. 財務風險管理的目標及政策(續)
流動資金風險(續)At 31 December 2016
於2016年12月31日

		On demand or within 1 year 按要求或 1年內 RMB'000 人民幣千元	In the second year 第2年內 RMB'000 人民幣千元	3 to 5 years 3至5年 RMB'000 人民幣千元	Beyond 5 years 5年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Interest-bearing bank and other borrowings	計息銀行貸款及 其他借貸	5,330,530	3,196,372	2,759,626	42,632	11,329,160
Corporate bonds	公司債券	571,600	2,571,600	8,590,600	—	11,733,800
Senior notes	優先票據	440,266	440,266	4,379,648	1,945,159	7,205,339
Trade payables	貿易應付款項	3,026,199	2,952,835	—	—	5,979,034
Other payables and accruals	其他應付款項及 應計費用	7,606,010	—	—	—	7,606,010
		<u>16,974,605</u>	<u>9,161,073</u>	<u>15,729,874</u>	<u>1,987,791</u>	<u>43,853,343</u>
Financial guarantees issued:	已發出財務擔保：					
Maximum amount guaranteed (note 40)	最高擔保金額 (附註40)	<u>19,260,708</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>19,260,708</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

資本管理

本集團資本管理的主要目標乃確保本集團持續經營的能力，維持穩健的資本比率以支援其業務，以及為股東帶來最大回報。

本集團管理其資本架構並因應經濟狀況變動對其作出調整。為維持或調整資本架構，本集團可能調整支付予股東的股息，返還資本予股東或發行新股。本集團不受任何外部施加的資本要求所規限。年內管理資本的目標、政策或程序並無任何變動。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

The Group monitors working capital using a gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings, corporate bonds and senior notes less cash and cash equivalents and restricted cash. The gearing ratios as at the end of the reporting periods were as follows:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Interest-bearing bank and other borrowings	計息銀行貸款及其他借貸	13,711,865	10,281,407
Corporate bonds	公司債券	10,000,000	10,000,000
Senior notes	優先票據	3,855,621	5,505,386
Less: Cash and cash equivalents	減：現金及現金等價物	(15,596,239)	(15,598,588)
Less: Restricted cash	減：受限制現金	(1,901,969)	(1,818,946)
Net debt	債務淨額	10,069,278	8,369,259
Total equity	權益總額	17,443,236	11,672,736
Gearing ratio	資本負債比率	57.7%	71.7%

48. EVENTS AFTER THE REPORTING PERIOD

- (a) In January 2018, a subsidiary of the Company entered into an equity transfer agreement with an independent third party for the acquisition of the entire interest in Century East Group Limited at an aggregate consideration of RMB3,800,000,000. The transaction has not been completed up to the date of approval of these financial statements.
- (b) In January 2018, the Company granted 36,860,000 share options with an exercise price of HK\$5.88 per share under its share option scheme to certain directors and employees of the Company.
- (c) In February 2018, the Company issued senior notes with an aggregate principal amount of US\$375,000,000 (approximately RMB2,375,213,000) bearing interest at 6.375% per annum. The net proceeds, after deducting the issuance costs, amounted to approximately US\$370,000,000 (approximately RMB2,343,543,000). The senior notes will mature on 6 March 2021.

47. 財務風險管理的目標及政策(續)

資本管理(續)

本集團運用資本負債比率監控營運資金，該比率乃按本集團之債務淨額除以權益總額計算。債務淨額包括計息銀行貸款及其他借貸、公司債券與優先票據，且須減去現金及現金等價物和受限制現金。於報告期間結束時之資本負債比率如下：

48. 報告期後事項

- (a) 於2018年1月，本公司一間附屬公司與獨立第三方訂立權益轉讓協議，收購於恒華集團有限公司的全部股權，總代價為人民幣3,800,000,000元。該交易直至批准該等財務報表當日尚未完成。
- (b) 於2018年1月，本公司根據其購股權計劃授出36,860,000份購股權予本公司若干董事及僱員，行使價為每股港幣5.88元。
- (c) 於2018年2月，本公司發行本金總額為375,000,000美元(約人民幣2,375,213,000元)的優先票據，按年利率6.375%計息。所得款項淨額(經扣除發行成本)達約370,000,000美元(約人民幣2,343,543,000元)。優先票據將於2021年3月6日到期。

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

49. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current year's presentation and disclosures.

49. 比較金額

若干比較金額已重新分類，以符合本年度呈列及披露。

50. 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:

50. 本公司之財務狀況表

有關本公司於報告期間結束時財務狀況表之資料載列如下：

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產		
Property, plant and equipment	物業、廠房及設備	88,780	103,538
Interest in a subsidiary	於一間附屬公司的權益	1	1
Total non-current assets	非流動資產總值	88,781	103,539
CURRENT ASSETS	流動資產		
Due from subsidiaries	應收附屬公司款項	16,944,339	17,361,592
Due from joint ventures	應收合營公司款項	1,573,705	990,430
Due from an associate	應收一間聯營公司款項	—	508,473
Prepayments, deposits and other receivables	預付款、按金及其他應收款項	13,662	1,033
Derivative financial instruments	衍生金融工具	17,718	87,456
Restricted cash	受限制現金	4,157	4,471
Cash and cash equivalents	現金及現金等價物	1,115,503	3,489,950
Total current assets	流動資產總值	19,669,084	22,443,405
CURRENT LIABILITIES	流動負債		
Other payables and accruals	其他應付款項及應計費用	136,246	2,124,888
Due to subsidiaries	應付附屬公司款項	3,790,242	6,621,524
Derivative financial instruments	衍生金融工具	19,229	—
Interest-bearing bank and other borrowings	計息銀行貸款及其他借貸	1,144,425	1,284,911
Total current liabilities	流動負債總額	5,090,142	10,031,323
NET CURRENT ASSETS	流動資產淨值	14,578,942	12,412,082
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	14,667,723	12,515,621

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

50. 本公司之財務狀況表(續)

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
NON-CURRENT LIABILITIES	非流動負債		
Interest-bearing bank and other borrowings	計息銀行及其他借貸	7,412,699	5,482,410
Senior notes	優先票據	3,855,621	5,505,386
Total non-current liabilities	非流動負債總額	11,268,320	10,987,796
Net assets	資產淨值	3,399,403	1,527,825
EQUITY	權益		
Issued capital	已發行股本	355,982	324,472
Senior perpetual securities	高級永續證券	1,911,986	—
Reserves (note)	儲備(附註)	1,131,435	1,203,353
Total equity	權益總額	3,399,403	1,527,825

Notes to Financial Statements (Continued)
財務報表附註(續)

31 December 2017 2017年12月31日

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

50. 本公司之財務狀況表(續)

附註：

本公司儲備概列如下：

		Share premium account	Share option reserve	Exchange fluctuation reserve	Retained profits/ (accumulated losses) 保留利潤／ (累計虧損)	Total
		股份溢價賬 RMB'000 人民幣千元	購股權儲備 RMB'000 人民幣千元	外匯波動儲備 RMB'000 人民幣千元	(累計虧損) RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2016	於2016年1月1日	963,784	9,023	(192,150)	(1,874,701)	(1,094,044)
Final 2015 dividend	2015年末期股息	(575,662)	—	—	—	(575,662)
Total comprehensive income for the year	年度全面收益總額	—	—	38,006	2,832,701	2,870,707
Equity-settled share option arrangements	以權益支付購股權之安排	—	2,352	—	—	2,352
At 31 December 2016 and 1 January 2017	於2016年12月31日及 2017年1月1日	388,122	11,375	(154,144)	958,000	1,203,353
Total comprehensive loss for the year	年度全面虧損總額	—	—	(62,044)	(284,331)	(346,375)
Final 2016 dividend	2016年末期股息	(388,122)	—	—	(353,700)	(741,822)
Issue of shares	發行股份	1,292,083	—	—	—	1,292,083
Interim 2017 dividend	2017年中期股息	(280,829)	—	—	—	(280,829)
Issue of shares in connection with the exercise of share options	發行有關行使購股權的股份	32,948	(4,734)	—	—	28,214
Distribution to holders of senior perpetual securities	向高級永續證券持有人分派	—	—	—	(27,825)	(27,825)
Equity-settled share option arrangements	以權益支付購股權之安排	—	4,636	—	—	4,636
At 31 December 2017	於2017年12月31日	1,044,202	11,277	(216,188)	292,144	1,131,435

51. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2018.

51. 批准財務報表

於2018年3月27日，董事會批准及授權發佈財務報表。

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