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

The communication of the attached document and any other document or materials relating to the issue of the securities described therein is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the securities described in the attached document are only available to, and any investment or investment activity to which the attached document relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the attached document or any of its contents.

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

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

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If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

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

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Zhenro Properties Group Limited

(incorporated in the Cayman Islands with limited liability)

US\$340,000,000
7.1% Senior Notes due 2024
Issue Price: 99.163%

Our US\$340,000,000 7.1% senior notes due 2024 (the “Notes”) will bear interest from (and including) June 10, 2021 at 7.1% per annum, payable semi-annually in arrears on March 10 and September 10 of each year, commencing September 10, 2021, except that the first payment of interest, to be made on September 10, 2021, will be in respect of the period from and including June 10, 2021, to but excluding September 10, 2021. The Notes will mature on September 10, 2024.

The Notes are senior obligations of Zhenro Properties Group Limited (the “Company”), guaranteed by certain of our existing subsidiaries (the “Subsidiary Guarantors” and, such Guarantees, the “Subsidiary Guarantees”), other than (1) those organized under the laws of the PRC and (2) certain other subsidiaries specified in the section entitled “Description of the Notes.” Under certain circumstances and subject to certain conditions, a Subsidiary Guarantee required to be provided by a subsidiary of the Company may be replaced by a limited-recourse guarantee (the “JV Subsidiary Guarantee”). We refer to the subsidiaries providing a JV Subsidiary Guarantee as JV Subsidiary Guarantors.

At any time and from time to time on or after September 10, 2023, we may redeem the Notes, in whole or in part, at a redemption price set forth in this offering memorandum, plus accrued and unpaid interest, if any, to (but not including) the redemption date. In addition, at any time prior to September 10, 2023, we may at our option redeem up to 35% of the Notes, at a redemption price of 107.1% of the principal amount of the Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of capital stock of the Company. In addition, we may redeem the Notes, in whole but not in part, at any time prior to September 10, 2023, at a price equal to 100% of the principal amount of the Notes plus a premium as set forth in this offering memorandum, and accrued and unpaid interest, if any, to (but not including) the redemption date. Upon the occurrence of a Change of Control Triggering Event (as defined in the indenture governing the Notes (the “Indenture”)), we must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

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

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

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

Investing in the Notes involves risks. Furthermore, investors should be aware that the Notes are guaranteed by Subsidiary Guarantors which do not currently have significant operations and certain Subsidiary Guarantees may in some cases be replaced by limited-recourse guarantees and that there are various other risks relating to the Notes, the Company and its subsidiaries, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Notes. See the section entitled “Risk Factors” beginning on page 12 and particularly pages 48-50 for risks relating to the Subsidiary Guarantees, the JV Subsidiary Guarantees and the Collateral.

Application will be made to The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) 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) (“Professional Investors”) only. This document is for distribution to Professional Investors only. **Notice to Hong Kong investors:** The Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) confirm that the Notes are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

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

This offering memorandum includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) for the purpose of giving information with regard to the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any). The Company, 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 their knowledge there are no other material facts the omission of which would make any statement herein misleading.

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 “U.S. Securities Act”), or under any securities law of any state or other jurisdiction of the United States, 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 U.S. Securities Act. The Notes are being offered and sold by the Initial Purchasers only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act (“Regulation S”). For a description of certain restrictions on offers and sale of the Notes and the distribution of this offering memorandum, see the sections entitled “Plan of Distribution” and “Transfer Restrictions.”

The Notes are expected to be rated B+ by Fitch Ratings Ltd. and B2 by Moody’s Investors Services. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by the assigning agency. A suspension, reduction or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes.

With reference to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知發改外資[2015]2044號》) (the “NDRC Notice” promulgated by National Development and Reform Commission (the “NDRC”) of the PRC on September 14, 2015 which came into effect on the same day, we have made a filing with respect to the application for the annual foreign debt issuance quota with the NDRC by the Company before the issuance of the Notes, which was evidenced by a registration certificate issued by the NDRC on November 19, 2020. Pursuant to the registration certificate, we will cause relevant information relating to the issue of the Notes to be reported to the NDRC within ten PRC working days after the issue date of the Notes.

It is expected that the delivery of the Notes will be made on or about June 10, 2021 through the book-entry facilities of Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”) against payment therefor in immediately available funds.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Deutsche Bank	HSBC	Standard Chartered Bank	Bank of China (Hong Kong)	BNP PARIBAS	BOC International	CCB International
CLSA	CMB International	Credit Suisse	Guotai Junan International	Haitong International	The Bank of East Asia, Limited	Zhenro Securities

Green Structuring Advisors

Deutsche Bank

Standard Chartered Bank

The date of this offering memorandum is June 1, 2021

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

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

The communication of the attached document and any other document or materials relating to the issue of the Notes is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended ("FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Notes are only available to, and any investment or investment activity to which the attached document relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the attached document or any of its contents.

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer

would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

Cayman Islands Data protection – Under the Cayman Islands Data Protection Law, 2017 and, in respect of EU data subjects, the EU General Data Protection Regulation (together, the “Data Protection Legislation”), individual data subjects have rights and the Issuer as data controller has obligations with respect to the processing of personal data by the Issuer and its affiliates and delegates. Breach of the Data Protection Legislation by the Issuer could lead to enforcement action.

Prospective investors should note that personal data may in certain circumstances be required to be supplied to the Issuer in order for an investment in the Notes to continue or to enable the Notes to be redeemed. If the required personal data is not provided, a prospective investor will not be able to continue to invest in the Notes or to redeem the Notes.

The Issuer has published a privacy notice (the “Data Privacy Notice”), which provides prospective investors with information on the Issuer’s use of their personal data in accordance with the Data Protection Legislation. The location and means of accessing the Data Privacy Notice is specified in the “General Information” section of this offering memorandum.

IN CONNECTION WITH THIS OFFERING, ANY INITIAL PURCHASER APPOINTED, AND ACTING IN ITS CAPACITY AS STABILIZATION MANAGER, OR ANY PERSON ACTING FOR IT, 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 INITIAL PURCHASERS, AND NOT FOR US OR ON OUR BEHALF.

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

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

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

No representation or warranty, express or implied, is made by Deutsche Bank AG, Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, Bank of China (Hong Kong) Limited, BNP Paribas, BOCI Asia Limited, CCB International Capital Limited, CLSA Limited, CMB International Capital Limited, Credit Suisse (Hong Kong) Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, The Bank of East Asia, Limited and Zhenro Securities Co. Limited (the “Initial Purchasers”), Citicorp International Limited, as trustee (the “Trustee”), Citibank, N.A., London Branch, as paying agent and transfer agent (the “Paying and Transfer Agent”) and registrar (the “Registrar” together with the Paying and Transfer Agent, the “Agents”) or any of their respective affiliates or advisors as to the accuracy or completeness of the information set forth herein, and nothing contained in this offering memorandum is, or should be relied upon as, a promise or representation by the Initial Purchasers, the Trustee, the Agents or any of their respective affiliates or advisors whether as to the past or the future. To the fullest extent permitted by law, none of the Initial Purchasers accept any responsibility for the contents of this offering memorandum or for any other statement, made or purported to be made by the Initial Purchasers or on their behalf in connection with the Issuer, the Subsidiary Guarantors, the Group, the giving of the Subsidiary Guarantee or the issue and offering of the Notes. The Initial Purchasers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this offering memorandum or any such statement.

You should rely only on the information contained in this offering memorandum. We have not authorized any person to provide you with any information or represent anything about us or this offering that is not contained in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers, the Trustee or the Agents.

Each person receiving this offering memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Initial Purchasers, the Trustee, the Agents or any person affiliated with such persons in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (other than as contained herein and information given by our duly authorized officers and employees in connection with investors’ examination of our company and the terms of the offering of the Notes) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers, the Trustee or the Agents. Notwithstanding anything herein to the contrary, the Agents are sole agents for the Company or the Trustee, as the case may be, and at no time assume duties, obligations or a position of trust for the holders of the Notes.

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

We are not, and the Initial Purchasers are not, making an offer to sell the Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), in any jurisdiction except where an offer or sale is permitted. The distribution of this offering memorandum and the offering of the securities, including the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), may in certain jurisdictions be restricted

by law. Persons into whose possession this offering memorandum comes are required by us and the Initial Purchasers to inform themselves about and to observe any such restrictions. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act 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. For a description of the restrictions on offers, sales and resales of the securities, including the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), and distribution of this offering memorandum, see the sections entitled “Transfer Restrictions” and “Plan of Distribution” below.

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

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

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

Product governance under MiFID II/Professional investors and Eligible Counterparties only target market – Solely for the purposes of any EU manufacturer’s product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only (each as defined in MiFID II); and (ii) all channels for distribution of the securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a “Distributor”) should take into consideration the EU manufacturer’s target market assessment; however a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the EU manufacturer’s target market assessment) and determining appropriate distribution channels.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

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

Market data, industry forecast and the PRC and property industry 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 Initial Purchasers or our or their directors and advisors, and neither we, the Initial Purchasers nor our or their directors and advisors make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. You should not unduly rely on such market data, industry forecast and the PRC and property industry statistics.

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

We record and publish our financial statements in Renminbi. Unless otherwise stated in this offering memorandum, all translations from Renminbi amounts to U.S. dollars were made at the rate of RMB6.5250 to US\$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2020, and all translations from H.K. dollars into U.S. dollars were made at the rate of HK\$7.7534 to US\$1.00, the noon buying rate in New York City for cable transfers payable in H.K. dollars as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2020. All such translations in this offering memorandum are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars or H.K. dollars, or *vice versa*, at any particular rate or at all. For further information relating to the exchange rates, see the section entitled “Exchange Rate Information.”

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

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

Unless the context otherwise requires, references to “2018,” “2019” and “2020” in this offering memorandum are to our financial years ended December 31, 2018, 2019 and 2020, respectively.

References to “2016 Corporate Bonds” are to the RMB2.0 billion corporate bonds issued by our wholly owned subsidiary on October 10, 2016 with a term of three years at a coupon rate of 6.4% per annum. No 2016 Corporate Bonds is outstanding.

References to “2019 Corporate Bonds” are to the RMB1.1 billion corporate bonds issued by our wholly owned subsidiary on September 19, 2019 with a term of four years at a coupon rate of 7.16% per annum.

References to “ASP” are to average selling prices.

References to “April 2019 Notes” are to our US\$420 million 8.65% senior notes due 2023.

References to “April 2021 Notes” are to our US\$220 million 5.98% senior notes due 2022.

References to “August 2020 RMB Notes” are our RMB1,000 million 7.4% senior notes due 2021.

References to “Existing Notes” are to the February 2019 Notes, the April 2019 Notes, the October 2019 Notes, the November 2019 Notes, the January 2020 Notes, the May 2020 Notes, the June 2020 Notes, the August 2020 RMB Notes, the September 2020 Notes, the November 2020 Notes, the January 2021 Notes, the February 2021 Notes and the April 2021 Notes.

References to “February 2019 Notes” are to our US\$230 million 9.8% senior notes due 2021.

References to “February 2021 Notes” are to our 6.7% senior notes due 2026.

References to “January 2020 Notes” are to our US\$290 million 7.875% senior notes due 2024.

References to “January 2021 Notes” are to our 6.63% senior notes due 2026.

References to “June 2018 Notes” are to our 10.5% senior notes due 2020 issued on June 28, 2018 in the aggregate principal amount of US\$250 million (the “Original June 2018 Notes”) and further issued on January 23, 2019 in the aggregate principal amount of US\$150 million (the “Additional June 2018 Notes,” which are consolidated and formed a single series with the Original June 2018 Notes). No June 2018 Notes are outstanding.

References to “June 2019 Securities” are to our senior perpetual capital securities issued on June 19, 2019.

References to “June 2020 Notes” are to our US\$200 million 8.3% senior notes due 2023.

References to “March 2019 Notes” are to our 9.15% senior notes due 2022 issued on March 8, 2019 in the aggregate principal amount of US\$200 million (the “Original March 2019 Notes”) and further issued on August 19, 2019 in the aggregate principal amount of US\$110 million (the “Additional March 2019 Notes,” which are consolidated and formed a single series with the Original March 2019 Notes). No March 2019 Notes are outstanding.

References to “March 2020 Notes” are to our 5.6% senior notes due 2021. No March 2020 Notes are outstanding.

References to “May 2020 Notes” are to our 8.35% senior notes due 2024.

References to “September 2020 Notes” are to our 7.35% senior notes due 2025.

References to “October 2018 Notes” are to our 12.5% senior notes due 2021 issued on October 2, 2018 in the aggregate principal amount of US\$280 million (the “Original October 2018 Notes”) and further issued on October 25, 2018 in the aggregate principal amount of US\$70 million (the “Additional October 2018 Notes,” which are consolidated and formed a single series with the Original October 2018 Notes). No October 2018 Notes are outstanding.

References to “October 2019 Notes” are to our US\$300 million 8.7% senior notes due 2022.

References to “November 2019 Notes” are to our US\$300 million 9.15% senior notes due 2023.

References to “November 2019 RMB Notes” are to our RMB700 million 8.0% senior notes due 2020. No November 2019 RMB Notes are outstanding.

References to “November 2020 Notes” are to our US\$200,000,000 5.95% senior notes due 2021.

References to “Private 2018 Notes” are to our US\$160 million 8.5% senior notes due 2019. We completed repurchase and cancellation of the Private 2018 Notes in April 2019. No Private 2018 Notes are outstanding.

References to “share” are to, unless the context indicates otherwise, an ordinary share, with a nominal value of HK\$0.00001 per share, in our share capital.

References to “Zhenro Group” are to Zhenro Group Company and its subsidiaries.

References to “Zhenro Group Company” are to Zhenro Group Co., Ltd. (正榮集團有限公司) (formerly known as Fujian Zhenro Group Co., Ltd. (福建正榮集團有限公司)), a company established in the PRC on August 31, 1994 of which, our controlling shareholder, Mr. Ou Zongrong owns 91.8% equity interest and another of our controlling shareholder, Mr. Ou Guoqiang owns 8.10%.

References to “sq.m.” are to square meters.

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.

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

In this offering memorandum, a land grant contract refers to a state-owned land use rights grant contract between a developer and the relevant PRC governmental land administrative authorities, typically the local state-owned land bureaus.

In this offering memorandum, a land use rights certificate refers to a state-owned land use rights certificate 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 issued by local urban zoning and planning bureaus or equivalent authorities in China; a construction work planning permit refers to a construction work planning permit issued by local urban zoning and planning bureaus or equivalent authorities in China; a construction permit refers to a construction works commencement permit issued by local construction committees or equivalent authorities in China; a pre-sale permit refers to a commodity property pre-sale permit 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 a construction project planning inspection and clearance certificate issued by local urban zoning and planning bureaus or equivalent authorities or equivalent certificate issued by relevant authorities in China with respect to the completion of property projects subsequent to their on-site examination and inspection; and a property ownership certificate refers to a property ownership and land use rights certificate issued by a local real estate and land resources bureau with respect to the land use rights and the ownership rights of the buildings on the relevant land.

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

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

FORWARD-LOOKING STATEMENTS

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

- the performance and future developments of the property market in the PRC or any region in the PRC or elsewhere in which we engage in property development;
- our business and operating strategies and our ability to implement such strategies;
- various business opportunities that we may pursue;
- changes in competitive conditions and our ability to compete under these conditions;
- our dividend distribution plans;
- our ability to further develop and manage our projects as planned;
- our capital expenditure plans, particularly plans relating to primarily land development, acquisition of land for our property development and the development of our projects;
- our operations and business prospects, including development plans for our existing and new businesses;
- the prospective financial information regarding our businesses;
- availability and costs of bank loans and other forms of financing;
- the future competitive environment for the PRC real estate industry;
- the regulatory environment in terms of changes in laws and PRC government regulations, policies, approval processes in the regions where we develop or manage our projects as well as the general outlook for the PRC real estate industry;
- exchange rate fluctuations and restrictions;
- future developments and the competitive environment in the PRC real estate industry;
- the general economic trend of the PRC and, in particular, the cities in which we operate; and
- other factors beyond our control.

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

SUMMARY

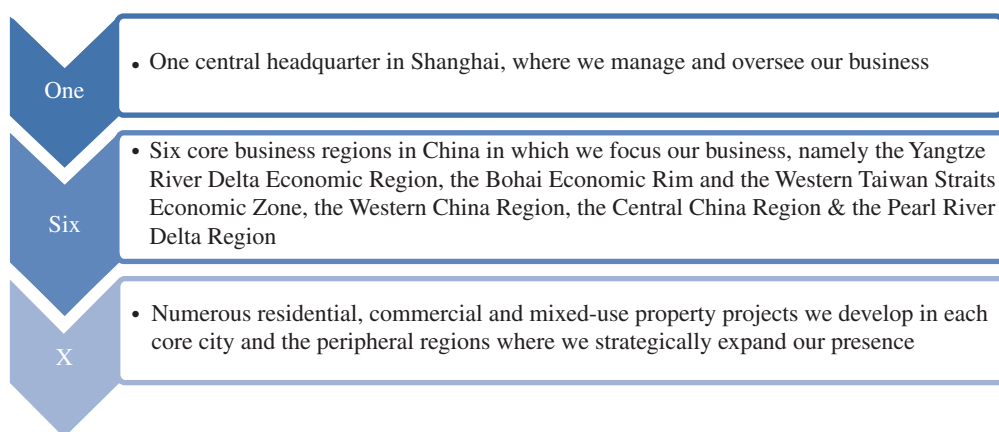
This summary does not contain all the information that may be important to you in deciding to invest in the Notes. You should read the entire offering memorandum, including the section entitled “Risk Factors” and our consolidated financial statements and related notes thereto, before making an investment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

OVERVIEW

We are a large comprehensive property developer in the PRC focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Zhenro Properties Holdings, the onshore holding company of our Group, was established in July 2015 as Zhenro Group’s exclusive platform to carry out its property development business founded in 1998. We have inherited from Zhenro Group extensive experience and sophisticated property development capabilities. Zhenro Group has earned the accolade of a top 100 real estate developer in China for 16 consecutive years since 2005 in terms of its comprehensive property development capability by various industry research institutes. In 2020, Zhenro Group has won several awards and honors, including No.1 ranking in “2020 China Real Estate Developers Top 5 by Business Performance”, “2020 China Real Estate Developers Top 20 by Comprehensive Strength”, “2020 China Mainland Top 10 Real Estate Company in Hong Kong by EVA”, “2020 China Real Estate Developers Top 10 by Efficiency”, “2019 Achievement Award for Talent Management Innovation in the Real Estate Industry” and “2019 QuamIR Awards”. In 2020, we were awarded the “2020 China Property Developer Top 20 by Comprehensive Strength” according to Yihan Zhiku (億翰智庫). We have been listed on the Hong Kong Stock Exchange since January 2018. In May 2018, our stocks were selected as a constituent stock of the Hang Seng Indexes.

We strive to develop high-quality residential properties primarily for mid-to high-end customers with home upgrade demand. We are also engaged in the development of commercial and mixed-use properties to maintain a balanced development portfolio. In addition, we currently hold as investment properties the commercial spaces of our shopping malls at the mixed-use properties we developed. We believe such commercial and mixed-use properties will help reduce volatility of our revenue, diversify our risk exposure, and deliver stable cash flow for our business operations. Moreover, we provide commercial property management services to certain commercial properties we developed through our commercial property management subsidiaries. Leveraging our comprehensive and high quality development, operation and management capabilities, we have established a track record of bringing to market large-scale, mixed-use property projects that encompass residential, SOHO and office, retail and/or leisure use spaces.

Headquartered in Shanghai, we have an active presence in the Yangtze River Delta Economic Region, the Bohai Economic Rim and the Western Taiwan Straits Economic Zone, the Western China Region, the Central China Region and the Pearl River Delta Region adopting a “16X” strategy to develop an extensive reach of our network in the PRC:



We attribute our success to our distinctive market positioning strategy, strong land sourcing capability, standardized property development procedures and dynamic realizable-market-value-based inventory management approach, all of which enable us to replicate our success as we expand throughout China and create brand recognition. In particular, we position our brand as “改善大師 (home upgrade master),” with a vision of offering customer-oriented, quality residences to affluent mid-to high-end customers with home-upgrade demand. We believe such customers have relatively high disposable income and strong purchasing power and place higher priority on quality rather than price in their property purchase decision making process. To implement our market positioning strategy, we have developed three product series of residential property projects namely, the “Zhenro Mansion (正榮府)” series, the “Pinnacle (紫闕台)” series, and the “Habitat (雲麓)” series, each targeting different segments of our customers. Our property development process, starting from site selection to project planning and design, is also centered on the needs and preferences of our targeted mid-to high-end customers. Our property products are generally located in urban centers and central areas of newly developed districts in economically developed cities, as well as other regions in China that we believe have strong growth potential. We believe we are able to command a premium in the sales price for our residential properties in certain of our markets, as compared to properties of similar quality.

Our market position, together with our sizable land bank, our quality product offering and our property development and management capabilities along with strong brand recognition we achieved, all contributed to our sustainable and rapid expansion and financial success in the past. Our revenue grew at a CAGR of 16.9% from RMB26,453.1 million in 2018 to RMB36,126.1 million (US\$5,536.6 million) in 2020, and the total GFA delivered grew at a CAGR of 38.9% from 1,500,651 sq.m. in 2018 to 2,895,496 sq.m. in 2020.

OUR BUSINESS STRENGTHS

We believe that our success and future prospects are supported by a combination of the following key competitive strengths:

- A Large Comprehensive Property Developer in the PRC;
- Sizable Land Bank in First- or Second-Tier Cities or in Cities with High Growth Potential in China and Proven Land Acquisition Capability Fueling Our “16X” Expansion Across China;
- Quality and Customized Products Targeting Mid-to High-End Customers with Home Upgrade Demand;
- Proven Property Development and Management Capabilities together with Strong Brand Recognition; and
- Professional and Experienced Management Team with Extensive Experience Supporting Long Term Sustainable Growth.

OUR BUSINESS STRATEGIES

We intend to grow and strengthen our business through the implementation of the following core business strategies:

- Solidify Leading Position in Existing Markets and Strategically Expand into Other Selected Markets;
- Focus on High Quality and Balanced Future Growth;
- Utilize Diversified Investment Strategy and Identify New Growth Opportunities;
- Further Enhance Our Customer-Oriented Product Offerings, Brand Equity and Customer Loyalty;
- Be Dedicated to Prudent Financial Policies and Optimize Our Capital Structure; and
- Attract, Retain and Motivate Skilled and Talented Employees.

RECENT DEVELOPMENTS

The COVID-19 pandemic which began at the end of 2019 has affected millions of individuals and adversely impacted national economies worldwide, including China. Several cities in China where we have significant land bank and operations had imposed travel restrictions in an effort to curb the spread of the highly infectious COVID-19. The COVID-19 outbreak has affected our business operation and financial condition. Since April 2020, China and some other countries gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes. As a consequence, the Company's sales revenue rebounded significantly in April 2020. See "Risk Factors – Risks Relating to Our Business – The national and regional economies in China and our prospects may be adversely affected by natural disasters, acts of God, and occurrence of epidemics."

On January 7, 2021, we issued the January 2021 Notes. See "Description of Material Indebtedness and Other Obligations."

On February 4, 2021, we issued the February 2021 Notes. See "Description of Material Indebtedness and Other Obligations."

On March 9, 2021, we completed redemption of the March 2019 Notes. As of the date of this offering memorandum, no March 2019 Notes are outstanding.

On April 15, 2021, we issued the April 2021 Notes. See "Description of Material Indebtedness and Other Obligations."

On May 19, 2021, Zhenro Properties Holdings Company Limited ("Zhenro Properties Holdings"), our wholly-owned subsidiary, as vendor, two wholly-owned subsidiaries of Zhenro Services Group Limited (the "Purchasers") and Zhenro Commercial Management Co., Ltd. (the "Target Company") entered into the sale and purchase agreement pursuant to which the Purchasers have conditionally agreed to acquire, and Zhenro Properties Holdings has conditionally agreed to dispose of, an aggregate of 99% equity interest in the Target Company at the total consideration of RMB891 million, subject to the consideration adjustment. On May 19, 2021, we and the Target Company entered into consultancy services agreement related to provision of commercial property operational and consultancy services by the Target Company and its subsidiaries ("Target Group") to us. Members of our Group (as lessor) also entered into existing lease agreements with members of the Target Group (as lessee) related to the lease of certain commercial properties. On May 10, 2021, Xi'an Jingheng Real Estate Co., Ltd., our wholly-owned subsidiary (as lessor) entered into a new lease agreement with Xi'an Zhenro Commercial Management Co., Ltd, a wholly-owned subsidiary of the Target Company (as lessee) related to the lease of a property in Xi'an. We believe the transaction will help us focus on our core real estate development business and optimize financial structure.

On May 24, 2021, we have informed Citicorp International Limited, as trustee that (1) all outstanding August 2020 RMB Notes will be redeemed in full on June 29, 2021 at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and (2) all outstanding April 2019 Notes will be redeemed in full on June 29, 2021 at a redemption price equal to 103% of the principal amount thereof, plus accrued and unpaid interest.

GENERAL INFORMATION

We were incorporated in the Cayman Islands on July 21, 2014, as an exempted limited liability company. Our shares have been listed on the Stock Exchange of Hong Kong Limited since January 16, 2018. Our head office in the PRC is located at 3/F, Building 7, Hongqiao Zhenro Center, 666 Shenhong Road, Minhang District, Shanghai, PRC. Our principal place of business in Hong Kong is at 40/F, Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong. Our registered office is located at Walkers Corporate Limited, Cayman Corporate Center, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands. Our website is www.zhenrodc.com. Information contained on our website does not constitute part of this offering memorandum.

THE OFFERING

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

Issuer	Zhenro Properties Group Limited (the “Company”).
Notes	US\$340,000,000 aggregate principal amount of 7.1% Senior Notes due 2024 (the “Notes”).
Offering Price	99.163% of the principal amount of the Notes.
Original Issue Date	June 10, 2021.
Maturity Date	September 10, 2024.
Interest	The Notes bear interest from (and including) June 10, 2021 at the rate of 7.1% per annum, payable semi-annually in arrears on March 10 and September 10 of each year, commencing September 10, 2021 except that the first payment of interest, to be made on September 10, 2021, will be in respect of the period from and including June 10, 2021, to but excluding September 10, 2021.
Ranking of the Notes	<p>The Notes are:</p> <ul style="list-style-type: none">• general obligations of the Company;• senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;• at least <i>pari passu</i> in right of payment with the Existing Notes and all other unsecured and unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law);• guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any, on a senior basis, subject to the limitations described below in “Description of the Notes – The Subsidiary Guarantees and the JV Subsidiary Guarantees” and in “Risk Factors – Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees” of this offering memorandum;• effectively subordinated to the secured obligations (if any) of the Company, the Subsidiary Guarantor and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and• effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Subsidiary Guarantees and JV Subsidiary Guarantees	Each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will jointly and severally Guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes; provided that any JV Subsidiary Guarantee will be limited to the JV Entitlement Amount.
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A Subsidiary Guarantee may be released in certain circumstances. See “Description of the Notes – The Subsidiary Guarantees and the JV Subsidiary Guarantees – Release of the Subsidiary Guarantees or JV Subsidiary Guarantees.”

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of Blooming Force Limited, Zhenro International Limited, Sheen Billion Investment Limited (明兆投資有限公司) and Zhenro Hong Kong Limited.

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC, Exempted Subsidiaries or Listed Subsidiaries), as soon as practicable (and in any event within 30 days) after such Person becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will Guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor. Notwithstanding the foregoing sentence, the Company may elect to have any future Restricted Subsidiary organized outside the PRC (that is not an Exempted Subsidiary or a Listed Subsidiary) not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee (such Restricted Subsidiaries that do not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee in accordance with the Indenture, the “New Non-Guarantor Subsidiaries,” and together with the Initial Other Non-Guarantor Subsidiaries, the “Other Non-Guarantor Subsidiaries”) at the time such entity becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary; provided that, after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries and Listed Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for more than 15.0% of Total Assets.

Rankings of the Subsidiary Guarantees and JV Subsidiary Guarantees	<p>The Subsidiary Guarantee of each Subsidiary Guarantor:</p> <ul style="list-style-type: none"> • is a general obligation of such Subsidiary Guarantor; • is effectively subordinated to the secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor; • is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
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- ranks at least *pari passu* in right of payment with subsidiary guarantee of such Subsidiary Guarantor for the Existing Notes and all other unsecured and unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law); and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

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

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

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

Use of Proceeds The gross proceeds from this offering will be US\$337 million, which we plan to use to refinance our existing indebtedness and in accordance with our Green Bond Framework. We may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of the proceeds. Pending application of the net proceeds of this offering, we intend to invest the net proceeds in Temporary Cash Investments.

Optional Redemption At any time from time to time on or after September 10, 2023, the Company may redeem the Notes, in whole or in part, at a redemption price equal to 101.5% of the principal amount of the Notes plus the accrued and unpaid interest (if any) to (but not including) the redemption date.

At any time prior to September 10, 2023, the Company may at its option redeem up to 35% of the Notes, at a redemption price of 107.1% of the principal amount of the Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of capital stock of the Company.

At any time prior to September 10, 2023, 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.

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 at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest (if any) to (but not including) the Offer to Purchase Payment Date.
Redemption for Taxation Reasons.	Subject to certain exceptions and as more fully described herein, the Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and the Trustee, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption, if the Company or a Surviving Person would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws. See "Description of the Notes – Redemption for Taxation Reasons."
Covenants	<p>The Notes and the Indenture governing the Notes will limit the Company's ability and the ability of its Restricted Subsidiaries to, among other things:</p> <ul style="list-style-type: none"> • incur additional indebtedness and issue disqualified or preferred stock; • make investments, dividend payments or other specified restricted payments; • issue or sell capital stock of Restricted Subsidiaries; • guarantee indebtedness of Restricted Subsidiaries; • sell assets; • create liens; • enter into sale and leaseback transactions; • engage in any business other than permitted business; • enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; • enter into transactions with shareholders or affiliates; and • effect a consolidation or merger. <p>These covenants are subject to a number of important qualifications and exceptions described in "Description of the Notes – Certain Covenants."</p>

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 and integral multiples of US\$1,000 in excess thereof and will be initially represented by one or more global notes deposited with a common depositary and registered in the name of the common depositary or its nominee. Beneficial interests in the Global Note will be shown on, and transfer thereof will be effected only through the records maintained by Euroclear and Clearstream and their participants.	
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 June 10, 2021, which the Company expects will be the seventh business day following the date of this offering memorandum referred to as “T+7” You should note that initial trading of the Notes may be affected by the “T+7” settlement. See “Plan of Distribution.”	
Trustee	Citicorp International Limited.	
Paying and Transfer Agent and Registrar	Citibank, N.A., London Branch.	
Listing and Trading	Application will be made to the Hong Kong Stock Exchange for the listing of the Notes by way of debt issues to Professional Investors only.	
Security Codes	ISIN	Common Code
	XS2346158822	234615882
Governing Law	The Notes and the Indenture are governed by and construed in accordance with the laws of the State of New York.	
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see “Risk Factors.”	

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our summary financial and other data. The summary consolidated statement of comprehensive income data for 2018, 2019 and 2020 and the summary consolidated statement of financial position data as of December 31, 2018, 2019 and 2020 set forth below (except for EBITDA data) have been derived from our consolidated financial statements for such years and as of such dates, as audited by Ernst & Young, the independent certified public accountants, and included elsewhere in this offering memorandum. The summary financial data below should be read in conjunction with the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum.

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND OTHER FINANCIAL DATA

	For the year ended December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(unaudited)
REVENUE	26,453,106	32,557,660	36,126,089	5,536,565
Cost of sales	(20,431,790)	(26,059,803)	(29,222,208)	(4,478,499)
GROSS PROFIT	6,021,316	6,497,857	6,903,881	1,058,066
Other income and gains	327,113	471,131	971,825	148,939
Selling and distribution expenses	(876,602)	(972,294)	(1,159,713)	—
Administrative expenses	(980,864)	(1,214,481)	(1,138,328)	—
Impairment losses of financial assets, net	(4,141)	(482)	(5,087)	(780)
Other expenses.....	(44,921)	(98,935)	(161,450)	(24,743)
Fair value gains on investment properties.	144,561	326,507	323,960	49,649
Net gain or loss from financial assets at fair value through profit or loss	80,452	(14,513)	17,454	2,675
Finance costs	(381,482)	(484,091)	(504,796)	(77,363)
Share of profits and losses of:				
Joint ventures	(59,482)	357,503	33,887	5,193
Associates	(98,471)	163,429	545,272	83,567
PROFIT BEFORE TAX	4,127,479	5,031,631	5,826,905	893,012
Income tax expense	(1,894,942)	(1,937,647)	(2,267,971)	(347,582)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>2,232,537</u>	<u>3,093,984</u>	<u>3,558,934</u>	<u>545,430</u>
Attributable to:				
Owners of the parent	2,120,734	2,506,405	2,650,744	406,244
Non-controlling Interests.	111,803	587,579	908,190	139,186
	<u>2,232,537</u>	<u>3,093,984</u>	<u>3,558,934</u>	<u>545,430</u>
OTHER FINANCIAL DATA (UNAUDITED):				
EBITDA ⁽¹⁾	4,542,633	5,622,531	6,439,898	986,958
EBITDA margin ⁽²⁾	<u>17.2%</u>	<u>17.3%</u>	<u>17.8%</u>	<u>17.8%</u>

Notes:

- (1) EBITDA for any period primarily consists of profit from operating activities before change in fair value of investment properties, option derivatives and certain financial assets, impairment loss recognized in respect of goodwill, net finance cost plus income tax, depreciation and amortization expenses. Finance cost includes those interest expense previously capitalized as assets and currently released to cost of sales and services in the consolidated statement of profit or loss and other comprehensive income. EBITDA is not a standard measure under IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. See the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations – Non-GAAP Financial Measures" for a reconciliation of our profit for the year under IFRS to our definition of EBITDA. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the indentures governing the Existing Notes.
- (2) EBITDA margin is calculated by dividing EBITDA by revenue.

Summary Consolidated Statement of Financial Position

	As of December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
NON-CURRENT ASSETS				
Property, plant and equipment.....	876,882	579,770	561,410	86,040
Investment properties.....	8,461,900	9,377,800	10,615,200	1,626,851
Other right-of-use assets.....	—	390,518	345,356	52,928
Prepaid land lease payments.....	213,674	—	—	—
Other intangible assets.....	9,940	6,843	6,902	1,058
Prepayments, other receivables and other assets ...	—	120,120	—	—
Investments in joint ventures.....	1,931,702	2,341,631	3,137,528	480,847
Investment in associates.....	1,796,827	3,199,926	5,675,958	869,879
Deferred tax assets.....	1,463,999	1,684,744	1,803,433	276,388
Total non-current assets.....	14,754,924	17,701,352	22,145,787	3,393,990
CURRENT ASSETS				
Financial assets at fair value through profit or loss.....	862,161	773,896	938,067	143,765
Properties under development.....	63,588,003	86,379,442	117,686,697	18,036,275
Completed properties held for sale.....	11,433,470	7,626,154	7,870,910	1,206,270
Trade receivables.....	34,151	66,293	124,825	19,130
Due from related companies.....	7,686,366	6,696,104	7,880,825	1,207,789
Prepaid land lease payments.....	754,184	—	—	—
Prepayments, deposits and other receivables.....	12,755,716	13,533,906	20,377,345	3,122,965
Tax recoverable.....	1,160,983	1,135,255	1,388,542	212,803
Restricted cash.....	4,866,036	5,137,032	—	—
Pledged deposits.....	963,560	1,801,205	—	—
Cash and cash equivalents.....	22,538,953	28,368,571	42,972,503	6,585,824
Total current assets.....	126,643,583	151,517,858	199,239,714	30,534,822
CURRENT LIABILITIES				
Trade and bills payables.....	8,212,543	16,752,615	21,219,712	3,252,063
Other payables, deposits received and accruals	5,449,969	10,571,875	12,351,381	1,892,932
Advances from customers.....	—	—	—	—
Contract liabilities.....	47,149,486	38,797,781	60,866,676	9,328,226
Due to related companies.....	3,332,983	7,386,244	13,816,828	2,117,522
Interest-bearing bank and other borrowings.....	21,629,210	14,534,136	12,891,572	1,975,720
Senior notes.....	1,094,198	3,482,134	5,186,525	794,870
Corporate bond.....	1,115,788	2,024,173	1,470,458	225,358
Tax payable.....	2,297,672	2,828,821	4,400,731	674,442
Lease liabilities.....	—	68,171	54,666	8,378
Total current liabilities.....	90,281,849	96,445,950	132,258,549	20,269,509
NET CURRENT ASSETS	36,361,734	55,071,908	66,981,165	10,265,313
TOTAL ASSETS LESS CURRENT LIABILITIES	51,116,658	72,773,260	89,126,952	13,659,303
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings.....	16,541,379	21,782,986	28,869,723	4,424,479
Other payables and accruals.....	3,285,661	2,321,843	2,891,445	443,133
Senior notes.....	4,076,627	13,360,910	15,781,545	2,418,628
Corporate bond.....	2,034,399	3,481,130	3,084,546	472,727
Deferred tax liabilities.....	699,591	702,925	848,301	130,008
Lease liabilities.....	—	63,477	48,438	7,423
Total non-current liabilities.....	26,637,657	41,713,271	51,523,998	7,896,398
NET ASSETS	24,479,001	31,059,989	37,602,954	5,762,905
EQUITY				
Equity attributable to owners of the parent				
Share capital.....	265	282	282	43
Reserves.....	13,528,703	16,396,245	19,575,985	3,000,151
	13,528,968	16,396,527	19,576,267	3,000,194
Perpetual capital securities	3,008,224	1,439,510	1,418,707	217,426
Non-controlling interests	7,941,809	13,223,952	16,607,980	2,545,284
TOTAL EQUITY	24,479,001	31,059,989	37,602,954	5,762,905

RISK FACTORS

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

RISKS RELATING TO OUR BUSINESS

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

Our business and prospects depend on the performance of the PRC property market. As of December 31, 2020, we had 216 property projects located in 32 cities in six core business regions at various stages of development, of which 150 property projects were owned and developed by us and 66 property projects were developed non-subsidiaries. We had and will continue to enhance our presence in these core business regions in the PRC, which are the Yangtze River Delta Economic Region, the Bohai Economic Rim and the Western Taiwan Straits Economic Zone, the Western China Region, the Central China Region and the Pearl River Delta Region. These property markets may be affected by local, regional, national and global factors, including economic and financial condition, speculative activities in local markets, demand for and supply of properties, investor confidence, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital. Any market downturn in China generally or in cities in which we have or expect to have operations may materially and adversely affect our business, financial condition and results of operations.

In particular, the PRC property market is affected by the recent slowdown in China's economic growth. There have been increasing concerns over the sustainability of the real estate market growth in China. Factors such as decrease in available funds and investor confidence may influence demand for the properties we developed. As a result, the property market may experience over supply of properties and idle housing inventory. Any over-supply of properties or any potential decline in the demand or prices for properties in the cities in which we operate or intend to operate could have a material and adverse impact on our cash flows, financial condition and results of operations.

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

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

The sustainable growth and success of our business depend significantly on our ability to continue acquiring additional land reserves in desirable locations at commercially reasonable prices that are suitable for our projects. We primarily acquire land for our projects through the listing-for-sale process organized by the relevant government authorities, auctions and public tenders. We also acquire land by cooperating with third-party business partners through joint ventures and associated companies. In addition, we occasionally acquire land from third parties by acquiring equity interests in companies that possess land use rights. See “Business – Our Project Operation and Management – Our Project Development Process – Market Research and Site Selection.”

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

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

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Some regions in China, including the cities where we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as the Severe Acute Respiratory Syndrome, or SARS, the H5N1 avian flu, the human swine flu, also known as Influenza A (H1N1), or, most recently, the novel coronavirus named COVID-19 by the World Health Organization.

The COVID-19 pandemic which began at the end of 2019 has affected millions of individuals and adversely impacted national economies worldwide, including China. Several cities in China where we have significant land bank and operations had imposed travel restrictions in an effort to curb the spread of the highly infectious COVID-19. As a result, sales offices and construction of our development projects may be temporarily shut down. Moreover, supply of our raw materials and productivity of our employees may be adversely affected. As a result, the completion of our projects may be delayed and sales might be lower than expected, which might 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, customers who have previously entered into contracts to purchase properties may 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. Since April 2020, China and some other countries gradually lifted stay-at-home orders and began to resume work and school at varying levels and scopes. As a consequence, the Company’s sales revenue rebounded significantly in April 2020. However, there can be no assurance that this recovery momentum will continue in the future.

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

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

In order to achieve sustainable growth, we need to continue to seek development opportunities in selected regions in the PRC with the potential for growth and where we have no existing operations. Our historical focus was primarily on the development of residential property projects in the Western Taiwan Straits Economic Zone, namely in Jiangxi and Fujian provinces at our inception. In 2013 and 2014, we tapped into the Yangtze River Delta Economic Region, the Midwest China Economic Region and the Bohai Economic Rim regions, and expanded our business to the development, operation and management of commercial and mixed-use properties. As of December 31, 2020, we had 216 property projects under various stages of development with

an aggregate GFA attributable to us of over 28.5 million sq.m., of which, approximately 5.1 million sq.m. were located in the Yangtze River Delta Economic Region, approximately 1.2 million sq.m. were located in the Bohai Economic Rim, approximately 5.4 million sq.m., were located in the Western Taiwan Straits Economic Zone, approximately 3.3 million sq.m. were located in the Central China Region, approximately 1.2 million sq.m. were located in the Western China Region and approximately 0.3 million sq.m. were located in the Pearl River Delta Region. We intend to continue to expand our operations into additional major cities in these core business regions in the future.

Expansion into new geographical locations and new businesses involves uncertainties and challenges as we may be less familiar with local regulatory practices and customs, customer preferences and behavior, the reliability of local contractors and suppliers, business practices and business environments and municipal-planning policies in relevant sub-markets. In addition, expanding our business into new geographical locations would entail competition with developers who have a better-established local presence or greater access to local labors, expertise and knowledge than we do. Furthermore, the construction, market and tax related regulations in our target cities may be different from each other and we may face additional expenses or difficulties in complying with new procedures and adapting to new environments.

As we may face challenges not previously encountered, we may fail to recognize or properly assess risks or take full advantage of opportunities, or otherwise fail to adequately leverage our past experience to meet challenges encountered in these new markets. For example, we may have difficulty in accurately predicting market demand for our properties in the cities which we expand into or match the behaviors or expectations of the residents in the properties we manage in such cities. We may also have difficulty in promoting and maintaining high occupancy rates and/or rental rates in the investment properties that we are currently developing after these properties are completed and commence operations.

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

We had negative net operating cash flow for the years ended December 31, 2018, 2019 and 2020 and we may not be able to obtain sufficient funding for our land acquisitions and future property developments whether through bank loans, corporate bonds, asset-backed securities programs, trust financing or other arrangements, on commercially reasonable terms, or at all.

Property development usually requires substantial capital investment during the construction period. In years ended December 31, 2018, 2019 and 2020, our liquidity requirements arose principally from the acquisition of land for, and development of, our property development projects. Our property development projects have been generally funded through cash generated from operations, including proceeds from the pre-sale of our properties, bank loans, corporate bonds and trust financings. We expect to continue to fund our projects through these sources and will look for additional financing opportunities, such as the issuance of asset-backed securities programs or other debt offerings. However, we cannot assure you that such funds will be sufficient or that any additional financing can be obtained on satisfactory or commercially reasonable terms, or at all. For the years ended December 31, 2018, 2019 and 2020, we recorded negative net cash flow used in operating activities of approximately RMB2,663.9 million, RMB14,063.6 million and RMB3,017.5 million (US\$462.5 million), respectively. Our negative net operating cash flow was principally attributable to the long-term and capital-intensive nature of property development, our land acquisitions and business expansion during the relevant periods. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Cash Flows.” We cannot assure you that we will not experience negative net cash flow from our operating activities in the future again. A negative net cash flow position for operating activities could impair our ability to make necessary capital expenditures, constrain our operational flexibility and adversely affect our ability to expand our business and enhance our liquidity. For example, if we do not have sufficient net cash flow to fund our future liquidity, pay our trade and bills payables and repay the outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

A number of factors, such as general economic conditions, our financial performance, our ability to obtain relevant government approvals, availability of credit from financial institutions and monetary policies in the PRC, may affect our ability to obtain adequate financing for our projects on favorable terms, or at all. The PRC government has implemented a number of measures to manage money supply growth and credit availability, especially with respect to the property development sector. For example:

- the PBOC has adjusted the RMB deposit reserve ratio several times since 2010 and has recently adjusted it downward in March 2016;
- the PBOC has adjusted the benchmark one-year bank lending rate several times since 2008;
- requiring a minimum percentage of the total investment in a property project to be funded by the developer's own capital;
- prohibiting PRC commercial banks and trust financing companies from extending loans to property developers to finance land grant premium;
- prohibiting PRC commercial banks from extending any existing loans, granting any new or revolving credit facilities in any form to property developers with non-compliance records regarding, among other things, holding and speculating idle lands, changing the land use to that outside the scope of the designated purpose, postponing construction commencement or completion, hoarding properties and rigging price for properties;
- prohibiting PRC commercial banks from taking commodity properties of property developers that have been vacant for more than three years as security for loans;
- prohibiting PRC commercial banks and trust financing companies from granting loans to development projects that fail to meet project capital ratio requirements or lack the required government permits and certificates; and
- prohibiting property developers from using borrowings obtained from any local banks to fund property developments outside that local region.

In addition, since trust financing companies are under the supervision and monitoring of the CBRC and are required to comply with all notices and regulations promulgated by the CBRC, we cannot assure you that the PRC government will not implement additional or more stringent measures to limit the amount that trust financing companies can make available for the PRC property industry. The foregoing and other governmental actions and policy initiatives may limit our flexibility and ability to use existing or future bank loans or other forms of financing, including corporate bonds, trust financing, asset-backed securities programs and financings from other financial institutions to finance our property developments and therefore may require us to maintain a relatively high level of internally sourced cash. As a result, our business, financial condition and results of operations may be materially and adversely affected.

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

We currently have a substantial amount of indebtedness. As of December 31, 2018, 2019 and 2020, our total outstanding bank loans and other borrowings amounted to approximately RMB38,170.6 million, RMB36,317.1 million and RMB41,761.3 million (US\$6,400.2 million), respectively. We may from time to time in the future issue new corporate bonds, asset-backed securities programs or look for other debt financing opportunities to refinance our existing loans and to support our business expansion. In addition, we have in the past entered into, and may from time to time in the future enter into, investment agreement or framework agreement for our future projects, under which we may be required to make capital commitments.

Our substantial indebtedness and high gearing could have significant implications, including, among others:

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

In addition, we are subject to certain restrictive covenants under the terms of our borrowings, which may restrict or otherwise adversely affect our operations. These covenants may restrict, among other things, our ability to incur additional debt or make guarantees, incur liens, pay dividends or distributions on our or our subsidiaries' capital stock, repurchase our or our subsidiaries' capital stock, prepay certain indebtedness, repay shareholders' loans, reduce our registered capital, sell, transfer, lease or otherwise dispose of property or assets, make investments and engage in mergers, consolidation or other change-in-control transactions. For instance, under some of our PRC loans, certain of our PRC subsidiaries agreed not to distribute any dividends under certain circumstances. See "Description of Material Indebtedness and Other Obligations." In addition, some of the loans may have restrictive covenants linked to our financial performance, such as maintaining a prescribed maximum debt-asset ratio or minimum profitability levels during the term of the loans. Pursuant to certain trust financing agreements, trusts companies and asset management companies have veto rights over some of our above corporate actions, which will further limit our flexibility of operation and ability to raise additional funding. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Indebtedness – Trust and Other Financing Arrangements."

Moreover, our trust and other financings are generally secured by a pledge or transfer of our equity interests in the relevant project subsidiaries, and/or a lien of land use right or development project. If we incur default and cannot repay all of the secured indebtedness, we may lose part or all of our equity interests in these project subsidiaries, our proportionate share of the asset value of the relevant property projects, land use rights or our development projects. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Indebtedness – Trust and Other Financing Arrangements."

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

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

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

Historically, we have derived our revenue principally from the sale of properties we developed. For the years ended 2018, 2019 and 2020, we generated 99.0%, 98.9% and 98.6%, respectively, of our revenue from the sale of properties. According to our accounting policies, our recognized revenue depends mainly on the project completion and delivery schedule. Depending on the type of properties and the revenue generated, it typically takes 18 to 24 months from commencement of pre-sale to the construction completion of these properties before we recognize revenue from such projects. Therefore, it may fluctuate due to factors such as the schedule of our property development, the market demand for our properties and the timing of property sales. Consequently, our financial results for any given period only reflect decisions made by our customers some time ago and may not be indicative of our actual operating results during such period. In addition, cyclical property market of the PRC affects the optimal timing for the acquisition of land, the planning of development and the sales of properties. This cyclicity, combined with the time required and statutory time limits for the completion of projects and the sales of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from period to period. As a result, it would be difficult to predict our future performance.

In addition, the real estate market volatility may subject us to risks in connection with possible impairment loss for properties under development as well as completed properties held for sale, if we fail to complete the construction and sell the properties in time at our desired prices. Impairment loss may arise when the carrying value of a property exceeds its recoverable amount. For the years ended December 31, 2018, 2019 and 2020, we recorded impairment losses recognized for properties under development in the amount of RMB282.8 million, RMB66.5 million and RMB118.6 million (US\$18.2 million), respectively. During the same periods, we recorded impairment losses write-off for completed properties held for sale in the amount of RMB186.5 million, RMB227.7 million and RMB30.1 million (US\$4.6 million), respectively. We cannot assure you that we may not incur impairment losses, if any or at similar level, during adverse market conditions in the future.

We may not be able to complete our projects according to schedule which may adversely affect our business and financial condition.

The schedules of our project developments and whether the project can be completed within the planned budgets depend on a number of factors, including the performance and efficiency of our third-party contractors and our ability to finance construction and the associated financing costs. Other specific factors that could adversely affect our project development schedules and budgets include:

- changes in market conditions, economic downturns, and decreases in business and consumer sentiment in general;
- changes in relevant regulations and government policies;
- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites; and
- natural catastrophes and adverse weather conditions.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may harm our reputation as a property developer, lead to loss of or delay in recognizing revenues and lower returns. If a property project is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery or may be able to terminate the pre-sale agreements and claim damages. See “– We face risks related to the pre-sale of properties from any potential limitation and restriction imposed by the PRC government as to such activities and claims from customers in the event the pre-sold properties are not delivered on time or completed.” We cannot assure you that we will not experience any significant delays in completion or delivery of our projects in the future or that we will not be subject to any liabilities for any such delays.

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

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

Before commencing their business operations, entities engage in real estate development are required to obtain a qualification certificate for real estate development enterprises (房地產開發企業資質證書). Those who engage in real estate development without obtaining qualification certificate will be ordered to cease development activities. The illegal profits shall be confiscated and a fine of five times of the illegal profits or less may be imposed. See “Regulation” for additional information.

In recent years, some of our subsidiaries were not in compliance with certain construction related PRC laws and regulations, such as commencing construction works before obtaining the requisite construction works planning permit and construction works commencement permit. As of the date of this offering memorandum, we have paid the relevant penalties in full in connection with the foregoing. Although we have improved our internal control procedures and developed a standardized property development process, we cannot guarantee that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property industry or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. Therefore, in the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our major property projects, we will not be able to continue with our development plans, and our business, financial condition and results of operations may be adversely affected.

We rely on third parties in certain key aspects of our business and if any of such third parties fails to deliver quality service or product in a timely manner, or if our relationships with any of them deteriorate, our reputation or business operation may be adversely affected.

We engage third parties to carry out various services relating to our property development projects, including project design, pile setting, foundation building, construction, equipment installation, elevator installation and landscaping. We generally select these third-party service providers or contractors through tender processes and also through an internal assessment of factors including their demonstrated competence, market reputation and our prior relationship with them, if any. Completion of our projects is subject to the satisfactory performance by these third parties of their contractual obligations, including their adherence to our quality standards and the pre-agreed schedule for completion. We cannot assure you that the services rendered by any of these third parties will be satisfactory or meet our requirements for quality and safety, or that their services will be completed on time. If the performance of any third-party service provider or contractor proves unsatisfactory, or if any of them is in breach of its contractual obligations due to their financial difficulties or other reasons, we may need to replace such service provider or contractor or take other actions to remedy the

situation, which could materially and adversely affect our costs, the construction progress of our projects and our reputation. We may also be subject to various customer complaints if our customers are unsatisfied with the quality of our projects after delivery due to the failure of such third-party service providers, in particular, the contractors, to meet our quality standards. Moreover, we cannot assure you that our employees will be able to consistently comply with our quality control measures, to accurately apply our quality standards or to detect all defects in the services rendered by any third-party service provider or contractor. In addition, as we are expanding our business into new geographical locations, there may be a shortage of third-party service providers or contractors that meet our standards and, as a result, we may not be able to engage a sufficient number of high quality third-party service providers or contractors in a timely manner, which may adversely affect the construction schedules and development costs of our property development projects. Furthermore, if our relationships with any of the third-party service providers or contractors deteriorates, a serious dispute with such third-party service provider or contractor may arise, which may in turn result in costly legal proceedings. The occurrence of any of the above events may have a material adverse effect on our business, financial condition, results of operations and reputation.

We face risks related to the pre-sale of properties from any potential limitation and restriction imposed by the PRC government as to such activities and claims from customers in the event the pre-sold properties are not delivered on time or completed.

We make certain undertakings in our pre-sale contracts. Our pre-sale contracts and PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we fail to deliver the development of units which we have pre-sold, we will be liable to the purchasers for their losses. If we fail to complete a pre-sold property on time, our purchasers are entitled to claim compensation for late delivery under either their contracts with us or the relevant PRC laws and regulations. If our delay extends beyond a specified period, our purchasers may terminate their pre-sale contracts and bring claims for additional compensation. A purchaser may also terminate his or her contract with us and/or bring claims for compensation for certain other contract disputes, including, for example, if the GFA of the relevant unit, as set out in the individual building ownership certificate, deviates by more than 3% from the GFA of that unit as set out in the contract; if the floor plan of the relevant unit is different from what is set out in the contract and adversely affects the quality and functionality of the unit; if the interior decoration of the relevant unit is inferior to what is set out in the contract; or if the purchaser fails to receive the individual property ownership certificate within a statutory period due to our fault.

We cannot assure you that we will not break these undertakings. Though we are typically able to claim compensation from the contractors pursuant to the terms of our contract with them if such breach is due to our third-party contractors, we also cannot assure you that we will always successfully recoup full compensation from our contractors. If we experience material delays in delivering our properties in the future or are required to pay significant amounts of compensation to purchasers of our properties due to contractual disputes or for other reasons, our results of operations may be materially and adversely affected.

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

We experienced significant revenue growth in recent years. For the years ended December 31, 2018, 2019 and 2020, our revenue was RMB26,453.1 million, RMB32,557.7 million and RMB36,126.1 million (US\$5,536.6 million), respectively. We cannot assure you that we will grow at a high rate, or at all, or that we will not experience a decrease in revenue. We have faced and will continue to face challenges including rising development and administrative costs and increasing competition for employees and future growth opportunities. As a result, our past results of operations may not be representative of our future performance.

Furthermore, in the application of our accounting policies, our management is required to make judgments, estimates and assumptions about the carrying amounts of certain assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Therefore, actual results may differ from these accounting estimates. Our deferred tax assets amounted to RMB1,464.0 million, RMB1,684.7 million and RMB1,803.4 million (US\$276.4 million) as of December 31, 2018, 2019 and 2020, respectively. Based on our accounting policies, deferred tax assets are recognized for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses. The ultimate realization of these deferred tax assets depends on our business

maintaining profitability and generating sufficient taxable profits to utilize the underlying unused tax losses. If there is a significant adverse change in our performance and resulting cashflow projections of such operation, some or all of the relevant deferred tax assets may need to be reduced and charged to the income statement, which could have an adverse effect on our financial condition and results of operations. Moreover, the realization of a deferred tax asset significantly depends on our management's judgment as to whether sufficient profits or taxable temporary differences will be available in the future.

In addition, under limited circumstances, we may purchase low-risk available-for-sale investments for cash management purposes, which mainly included short-term deposits products and unlisted trust and fund investments. The values of certain available-for-sale financial assets are marked to market, and net changes in their fair value are recorded as our operating income or loss, and therefore directly affects our results of operations. If our management evaluates that the decline in value of available-for-sale financial assets is not temporary, such decline in the value can result in the recognition of impairment losses. This evaluation is a matter of judgment by the management, which includes the assessment of various factors. We did not experience any significant change in fair value on our available-for-sale investments for the years ended December 31, 2018, 2019 and 2020 and as we operate in a capital-intensive industry, we do not expect to purchase any material amount of available-for-sale investments in the future.

Fluctuations in the labor costs and the price of raw materials could adversely affect our business and financial performance.

We have experienced an increase in labor costs in recent years, and expect such costs to continue to increase in the foreseeable future. In particular, we bear the rising costs, in particular labor costs, directly for our commercial property management business. In addition, we procure construction materials through our external contractors or by ourselves. The cost of construction materials, such as steel and concrete, may continue to fluctuate from time to time. As some of our major construction contracts are not fixed unit-price contracts, we bear the risk of fluctuations in construction material prices during the term of the relevant contract when the prices exceed certain thresholds. Additionally, increases in the cost of construction materials and labor will likely prompt our contractors to increase their fee quotes for our new property development projects. Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs on to our customers if costs of construction materials and labor increase subsequent to the pre-sale. The rising cost of construction materials and labor and our inability to pass cost increases on to our customers may adversely affect our results of operations.

Our provision for LAT may be insufficient which could adversely affect our financial results.

Our properties developed for sale are subject to LAT. Under PRC tax laws and regulations, all income derived from the sale or transfer of land use rights, buildings and their ancillary facilities in the PRC is subject to LAT on the appreciation of land value at progressive rates ranging from 30% to 60%. We only prepay a portion of such provisions each year as required by the local tax authorities. For the years ended December 31, 2018, 2019 and 2020, we recorded approximately RMB1,047.9 million, RMB872.5 million and RMB1,009.5 million (US\$154.7 million), respectively, as LAT expenses.

We make provisions for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations from time to time pending settlement with the relevant tax authorities. Provisions for LAT are made on our own estimates based on, among other things, our own apportionment of deductible expenses which is subject to final confirmation by the relevant tax authorities upon settlement of the LAT. However, given the time gap between the point at which we make provision for and the point at which we settle the full amount of LAT payable, the relevant tax authorities may not necessarily agree with our own apportionment of deductible expenses or other bases on which we calculate LAT. If the relevant tax authorities determine that our LAT liabilities exceed our LAT prepayments and provisions and seek to collect that excess amount, our cash flow, financial condition and results of operations may be materially and adversely affected.

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

All property development companies in the PRC, including us, must provide certain quality warranties for the properties they construct or sell. See “Business – Our Project Operation and Management – Project Delivery and After-Sales Services – Warranties” for more details. We have received customer claims in relation to the quality of our projects in the past and we expect to continue to receive customer claims of this nature in the future. Generally, we coordinate with the relevant third-party contractors to respond to such customer claims as most of such complaints were mainly due to the customers’ dissatisfaction with the quality of properties they have purchased. Subject to the agreements we enter into with our third-party contractors, we typically receive quality warranties from our third-party contractors to cover claims that may be brought against us under our warranties.

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

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

Property developers or sellers in the PRC are required to assist purchasers in obtaining the relevant individual property ownership certificates (if applicable, the real estate rights certificate) within a time frame set out in the relevant sale and purchase agreement, or in the absence of such time frame, within 90 days of delivery of the property if the construction of the property purchased has not been completed, or within 90 days of execution of the agreement if the construction of the property purchased has been completed. In accordance with local regulations for pre-sold properties, we are required to submit the documents required for registration, including land use rights certificates and planning and construction permits, to the local bureau of housing administration to apply and register the ownership certificate of the project property (the general property ownership certificates, owned by the developers) within relevant necessary periods after receipt of the completion and acceptance certificate for the relevant properties. Purchasers may then submit or authorize us to submit, within 30 days of delivery of the properties, the relevant property sale and purchase agreements, identification documents of the purchasers, proof of payment of the deed tax, the general property ownership certificates and the authorization letter and relevant documents, if applicable, for the bureau’s review and the issuance of the individual property ownership certificates with respect to the properties purchased. Delays by administrative authorities in reviewing the relevant applications and granting approvals, as well as other factors, may affect timely delivery of the general as well as individual property ownership certificates. Should a late delivery of any individual building ownership certificate be due to delays that are deemed to be caused by us, the purchaser would be able to terminate the property sale and purchase agreement, reclaim the payment and/or claim damages, any of which could materially and adversely affect our business, financial condition and results of operations. Our reputation may also be harmed as a result.

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

Under PRC laws and regulations, if a developer fails to develop land according to the terms of the land grant contract (including those relating to the payment of fees, the designated use of land and the time for commencement and completion of development of the land), the relevant government authorities may issue a warning to, or impose a penalty on, the developer or require the developer to forfeit the land use rights. Any violation of the terms of the land grant contract may also restrict a developer’s ability to participate, or prevent it from participating, in future land bidding. For the years ended December 31, 2018, 2019 and 2020, none of our subsidiaries had experienced delay in payment of land premium. We cannot assure you, however, that we will not experience delays in making land premium payment in the future. If we incur late payment fees in the future, our business, financial condition and results of operations may be materially and adversely affected.

Specifically, under current PRC laws and regulations, if we fail to pay any outstanding land grant premium by the stipulated deadlines, we may be subject to late payment penalties or the repossession of the land by the government. If we fail to commence development within one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve an investigation notice on us and impose an idle land fee on the land of up to 20% of the land grant premium. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the land use rights are subject to forfeiture to the PRC government unless the delay in development is caused by government actions or force majeure. Moreover, even if we commence development of the land in accordance with the land use rights grant contracts, if the developed land area is less than one-third of the total land area, or if the total capital expenditure on land development is less than one-fourth of the total amount expected to be invested in the project as promulgated in the project proposal submitted to the government at the project registration stage, including the purchase price of the land, and the development of the land is suspended for over one year without government approval, the land may still be treated as idle land. See “Regulation.”

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

The total GFA of some of our developments may exceed the original permitted GFA and the excess GFA is subject to governmental approval and will require us to pay additional land premium.

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

The appraised value of our properties may be different from their actual realizable value and are subject to change.

The appraised value of our properties was prepared by the property valuer based on multiple assumptions containing elements of subjectivity and uncertainty, including, among other things, that:

- we sell the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests;
- no allowance has been made for any charges, mortgages or amounts owing neither on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale;
- we have paid all land premium payments and other costs such as resettlement and ancillary utilities services in full and there is no requirement for payment of any further land premium or other onerous payments to the government; and
- our properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In addition, the appraised value of our investment properties is based on key assumptions including their market position, levels of reversionary capitalization rate, rent and/or price. Under IFRS, gains or losses arising from changes in the fair value of our investment properties are included in our combined statements of comprehensive income in the period in which they arise. However, fair value gains do not change our overall cash position or our liquidity as long as we continue to hold such investment properties. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates – Estimate of Fair Value of Investment Properties.”

Even though the property valuer adopted valuation methodologies used in valuing similar types of properties when preparing the property valuation report, the assumptions adopted may prove to be incorrect. As a result, the appraised values of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of the property development projects, as well as national and local economic conditions, may affect the value of our properties.

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

We strategically retain certain high quality commercial properties as investment properties to generate rental income or for land appreciation purpose. As of December 31, 2020, we had investment properties amounting to RMB10,615.2 million (US\$1,626.9 million). Our investment property portfolio may increase in the future. Investment properties are generally illiquid and our ability to sell our investment properties in response to changing economic, financial and investment conditions is limited. We cannot assure you that we will be able to sell any of our investment properties at prices or on terms satisfactory to us, if at all. We cannot predict the length of time needed to find purchasers to purchase such investment properties. In addition, should we decide to sell an investment property which is subject to a lease agreement, we may have to obtain consent from or pay termination fees to the tenants. We may also need to incur capital expenditure to manage and maintain our properties, or to correct defects or make improvements to these properties before selling them. We cannot assure you that financing for such expenditures would be available when needed, or at all.

Furthermore, aging of investment properties, changes in economic and financial condition, beyond our control, such as changes in interest rates, or changes in the competitive landscape in the PRC property market may adversely affect the amount of rental income we generate from, as well as the fair value of, our investment properties, either completed or under development. However, our ability to convert any of our investment properties to alternative uses is limited as such conversion requires extensive governmental approvals in the PRC and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. We cannot assure you that such approvals and financing can be obtained when needed. These and other factors that impact our ability to respond to adverse changes in the performance of our investment in properties may adversely affect our business, financial condition and results of operations.

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

We are required to reassess the fair value of any investment properties that we hold. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gains or losses arising from changes in the fair value of any such investment properties will affect our results of operations in the period in which they arise and the impact may be significant. The fair value gains on our investment properties in 2018, 2019 and 2020 were RMB144.6 million, RMB326.5 million and RMB324.0 million (US\$49.7 million), respectively. We cannot assure you that we can recognize comparable fair value gains in investment properties in the future and we may also recognize fair value losses, which would impact our results of operations for future periods. Fair value gains in investment properties would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of the increased profit. On the other hand, fair value losses in investment properties would have a negative effect on our results of operations, even though such losses would not change our cash position as long as these properties are held by us.

Our property leasing and commercial property management businesses might subject us to a variety of risks.

Property leasing and commercial property management income from our investment properties constitute integral parts of our business and turnover. We are subject to risks incidental to the ownership and operation of commercial properties, including volatility in market rental rates and occupancy levels, competition for tenants, costs resulting from on-going maintenance and repair and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. In addition, we may not be able to renew leases with our tenants on terms acceptable to us, or increase rental rates to a level of the then prevailing market rate, or at all, upon the expiry of the existing terms. Likewise, we may not be able to enter into new leases at rental rates as expected. All these factors could negatively affect the demand for our investment properties, and as a result, decrease our rental income, which may have an adverse effect on our business, financial condition and results of operations.

The performance of our commercial property management business depend on various factors, including our ability to provide professional and quality property management services, collect property management fees and control costs, in particular, labor costs. We are generally paid fixed management fees for our services regardless of the actual cost we incur. In addition, for properties that are not owned by us, in order to raise our management fees, we are required to complete certain administrative procedures, including obtaining approvals of the property owner's general meeting. Management fees may also be subject to price range set by applicable government guidance. In the event that the property management fees we charge are insufficient to cover our costs and if we are unable to increase such fees in response to cost increases, there could be adverse effect on our financial condition and results of operations. Additionally, if we seek to reduce costs, we may not be able to maintain the quality of our property management services, which may similarly affect our reputation, business financial condition and results of operations.

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

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

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

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

As of December 31, 2018, 2019 and 2020, our outstanding guarantees over the mortgage loans of our customers amounted to RMB32,844.4 million, RMB36,516.9 million and RMB32,161.3 million (US\$4,928.9 million), respectively. We cannot assure you that defaults by purchasers will not occur or that the rate of such defaults will not increase in the future. If a significant amount of our guarantees are called upon at the same time or in close succession, if there is a material depreciation in the market value of the relevant properties, or if we cannot resell such properties due to unfavorable market conditions or for other reasons, our financial condition and results of operations may be materially and adversely affected.

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

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

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

We have incurred and expect to continue to incur a significant amount of interest expenses relating to our borrowings from commercial banks and trust financing providers. Accordingly, changes in interest rates have affected and will continue to affect our financing costs, which in turn may affect our profitability and operating results. As our borrowings are in RMB, the interest rates on our borrowings are primarily affected by the benchmark interest rates set by the PBOC, which have gradually decreased in recent years. The weighted average effective interest rates on our total borrowings were 7.8%, 7.5%, and 6.5% for the years ended December 31, 2018, 2019 and 2020. Most of the interest costs incurred were capitalized. Our capitalized interest in 2018, 2019

and 2020 were RMB4,250.3 million, RMB4,582.2 million and RMB5,097.6 million (US\$781.2 million), respectively. Any future increases in the PBOC benchmark interest rate as a result of government policies may lead to higher lending rates, which may increase our financing costs and thereby adversely affect our business, financial condition and results of operations.

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

We have entered into joint ventures with third parties and may continue to do so in the future. The performance of such joint ventures has affected, and will continue to affect, our results of operations and financial position. As of December 31, 2020, we recorded amounts due from related companies of RMB7,880.8 million (US\$1,207.8 million). We and our joint venture partners provided such amounts to our joint venture project companies in proportion to our shareholding percentages in order to fund such project companies' land acquisition efforts and working capital requirements. Once these project companies commence pre-sale and generate cash flow, they will repay such amounts to us on demand. Therefore, the timing of such joint ventures' capital requirements, the financial performance of our joint ventures and their ability to repay may materially and adversely affect our results of operations. We generally expect to incur share of loss in such joint ventures until their respective development of property projects completes and starts to contribute revenue. As of December 31, 2018, 2019 and 2020, our investments in joint ventures amounted to RMB1,931.7 million, RMB2,341.6 million and RMB3,137.5 million (US\$480.8 million), respectively.

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

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

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

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

We are a holding company and we conduct our business operations primarily through our subsidiaries and joint ventures in China. Our ability to make dividend payments and other distributions in cash, pay expenses, service indebtedness incurred and finance the needs of other subsidiaries depends upon the receipt of dividends, distributions or advances from our subsidiaries. The ability of our subsidiaries and joint ventures to pay dividends or other distributions may be subject to their earnings, financial position, cash requirements and availability, applicable laws and regulations and restrictions on making payments to us contained in financing or other agreements. If any of our subsidiaries or joint ventures incurs indebtedness in its own name, the instruments governing the indebtedness may restrict dividends or other distributions on its equity interest to us. These restrictions could reduce the amount of dividends or other distributions that we receive from these entities, which could in turn restrict our ability to fund our business operations. In addition, their declaration of dividends will be at the absolute discretion of the boards of our subsidiaries and joint ventures.

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

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

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

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

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

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

Historically, we experienced certain non-compliance incidents. One of our project companies was penalized for underpaid corporate income tax in the years of 2011 and 2012. In addition, we commenced or proceeded with construction works with respect to certain of our property projects before completing requisite administrative procedures and/or obtaining requisite permits. We also experienced non-compliance in connection with certain defective land parcels during the development of Nanchang Zhenro The Capital of Great Loch, on which we developed residential properties that had been completed and delivered to our customers. We also experienced non-compliance regarding relevant regulations on advertising, sales contract and price thereof. We were subject to penalties or ordered to rectify such non-compliances, as the case may be. On April 16, 2019, we received an administrative penalty of RMB22,226,351.0 for non-compliance with building plans for certain units of Nanjing Zhenro Royal Fame. There is no assurance that our internal control measures will be effective and there will not be any non-compliance incidents in the future. In addition, PRC laws, rules or regulations governing our industry have been evolving rapidly, and we cannot assure you that we will not be subject to fines or penalties arising from non-compliance incidents if we fail to adapt to the new regulatory regime in a timely manner, or at all, which may have a material adverse effect on our business, financial condition and results of operations.

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

We are subject to a variety of laws and regulations concerning the protection of health and the environment and preservation of antiquities and monuments which imposes. Compliance with such laws and regulations may result in delays in our construction work, may cause us to incur substantial compliance and other costs and can severely restrict project development activities in environmentally sensitive regions or areas. See “Business – Environmental Matters” for details.

As required by PRC laws and regulations, property projects in environmentally sensitive regions or areas are required to undergo environmental assessments and the related assessment document must be submitted to the relevant government authorities for approval before commencement of construction. For other property projects, we are required to file the environmental impact registration form for approval. Where a construction unit commenced construction prior to submission of the environmental impact statement of the construction project, the environmental protection department at the county level or above shall order it to stop the construction, impose a fine of not less than 1% but not more than 5% of the overall investment amount for such construction project according to the seriousness and consequences of such violations, and order it to restore to the original state; and the person-in-charge and responsible personnel of the construction project shall be liable to administrative sanctions in accordance with laws. Where a construction unit fails to file the environmental impact registration form of the construction project for the record, it shall be ordered by the environmental protection department at the county level or above to do the record-filing and fined not more than RMB50,000.

We cannot assure you that we will be able to comply with all such requirements with respect to environmental assessments. It is possible that the environmental assessments conducted may not reveal all environmental liabilities or their full extent, and there may be material environmental liabilities of which we are unaware. In the event of a termination of construction and/or imposition of a fine as a result of our non-compliance, our financial condition may be materially and adversely affected.

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

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

In addition, we do not maintain insurance against any liability arising from allegedly tortious acts committed on our work sites. We cannot assure you that we will not be sued or held liable for damage arising from, or in connection with, any such tortious acts. Moreover, there are certain losses for which insurance is not available on commercially practicable terms, such as those suffered due to earthquakes, typhoons, floods, wars,

civil disorders and other events of force majeure. If we suffer any loss, damage or liability in the course of our business operations, we may not have sufficient funds to cover such loss, damage or liability or to replace any property development that has been destroyed. In addition, any payment we make to cover any loss, damage or liability could have a material adverse effect on our business, financial condition and results of operations.

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

We have and may from time to time be involved in disputes with various parties involved in the development, sale, leasing and management of our properties, including contractors, suppliers, construction workers, purchasers and tenants. These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs to our operations, and diversion of our management's attention. In addition, we may disagree with regulatory bodies in certain respects in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities and cause delays to our properly developments. However, we cannot assure you that we will not be involved in any major legal proceedings in the future. Any involvement on these disputes may materially and adversely affect our business, financial condition and results of operations.

Our operations may be dependent on a limited number of major suppliers.

Our suppliers are mainly construction contractors and construction material suppliers. We may be dependent on a limited number of major suppliers to operate our businesses. Some of our general contractors and sub-contractors are local level operating entities owned or controlled by group companies in China. Although we transacted with such local level operating entities on an individual basis, we aggregated the purchases from such entities and counted each of the relevant group companies as a major supplier. As such, the five largest suppliers, substantially all of whom were general contractor group companies in China, accounted for approximately 27.8%, 42.1% and 44.6% of our total purchases for the years ended December 31, 2018, 2019 and 2020, respectively. Our single largest supplier for the years ended December 31, 2018, 2019 and 2020 accounted for approximately 14.0%, 15.9% and 13.8% of our total purchases, respectively.

If a large number of our current major suppliers decide to terminate business relationships with us or, if the services or raw materials supplied by our current suppliers fail to meet our standards, or if our current service or raw material supplies are interrupted for any reason, we may not be able to easily switch to other qualified suppliers in a timely fashion, which may materially and adversely affect our business and financial results.

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

As a property developer in the PRC, we are subject to a variety of laws and regulations concerning the marketing and promotion of our property development projects, our business and our brand image. If any of our advertisements are considered to be untruthful, we will be subject to penalties and will be required to cease publishing the advertisement and eliminate adverse effects by publishing notice in the same media or media with equivalent significance to correct the previous false advertisements and clarify the truth. In addition, any false advertising may cast doubt on our other disclosures, advertisements, filings and other publications, deteriorate our brand name and reputation, and consequently materially and adversely affect our business, financial condition and results of operations.

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

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

RISKS RELATING TO OUR INDUSTRY

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

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

- strictly enforcing the idle land related laws and regulations;
- restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- prohibiting commercial banks from lending funds to real estate developers with an internal capital ratio lower than certain prescribed percentage; and
- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums.

In particular, the PRC and local governments also introduced the following policies, among others, to specifically restrain property purchases for speculation purposes and refrain property prices from rising too quickly in certain cities:

- limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower;
- imposing a business tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;
- raising the minimum percentage of down payment of the purchase price of the residential property of a family;
- restricting purchasers from acquiring second (or more) residential property and imposing property purchase restrictions on non-local residents that cannot provide any proof of local tax or social security payments for more than a specified time period in certain cities; and
- restricting the availability of individual housing loans in the property market to individuals and their family members with more than one residential property, and raising interest rates of such loans.

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

Following the market fluctuations in the face of temporary easing of some restrictions by local governments in the second and third quarters of 2012, the property price and transaction volume increased in the last quarter of 2012 and the first quarter of 2013. On February 26, 2013, the General Office of the State Council announced the Notice on Further Regulation of the Real Estate Market (《國務院辦公廳關於繼續做好房地產市

場調控工作的通知》)。According to such notice, local governments shall increase the supply of housing properties and lands, and set price control targets in cities with rapidly increasing property prices. In addition, the notice also requires the local government to strictly implement existing purchase restrictions and differentiated credit policies with regard to the down payment ratios and interest rates for mortgages for second (or more) residential property. If the property prices increases too quickly, the local government may further increase interest rates and down payment ratio for mortgages for second (or more) properties. For cities with existing purchase restrictions, the city municipals shall impose further restrictions. For cities with no purchase restrictions, the provincial governments must require these cities to promptly adopt purchase restrictions. The tax, building and construction authorities are required to coordinate to ensure that the 20% individual income tax on the difference between the sales proceeds and the original purchase price for the sale of second-hand properties is strictly implemented. These policies aim to serve to restrain the trend of excessive increase in housing prices. At the end of 2013, a new round of policies aimed at promoting affordable housing and discouraging speculative investments in residential properties was announced in a number of large cities in China, including Beijing, Shanghai, Guangzhou, Shenzhen, Zhengzhou, Nanchang, Fuzhou, Xiamen, Nanjing and Hangzhou.

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

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

In March 2017, local governments in certain major cities in the PRC, such as Beijing, Hangzhou and Hebei, introduced further policies to restrain property purchases for specialization purposes and refrain property prices from rising too quickly. Such policies include suspending the provision of individual housing loans with the term of more than 25 years, raising the minimum percentage of down payment of the purchase price and strictly restricting purchasers from acquiring second (or more) residential property. On April 1, 2017, the Ministry of Land and Resources and Ministry of Housing and Urban-Rural Development issued the Circular of the Ministry of Housing and Urban-Rural Development and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》). To maintain a housing supply-demand balance, cities facing serious demand over supply and overheating market shall increase the supply of housing land, especially for ordinary commercial houses; and cities with excessive housing supply shall reduce or suspend the land supply for housing. All the local governments shall build an inspection system to monitor the source of funds for land acquisition to ensure that the real estate developers use their own legal funds to purchase lands. These measures reduced the transaction volumes in certain major cities in the PRC in the second quarter of 2017.

In July 2017, NDRC, CSRC, Ministry of Finance, Ministry of Housing and Urban-Rural Development, Ministry of Public Security, MLR, SAT, SAIC and PBOC jointly issued the Notice on Accelerating the Development of Renting Market in Large and Medium-sized Cities with Influx 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》), promoting the development of renting market through multiple channels, such as increasing the land banks to be granted for renting houses, encouraging the ancillary renting houses in new commodity properties.

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

There are no assurance that the PRC government will relax existing restrictive measures, impose and enhance restrictive measures, or to impose other restrictive policies, regulations or measures in the future. The existing and other future restrictive measures may limit our access to capital, reduce market demand for our products and increase our finance costs, and any easing measures introduced may also not be sufficient. We currently do not expect the impacts on our overall operation of the abovementioned new restrictive policies, regulations and measures be significant because we are able to modify our operating strategies among different regions accordingly as we currently operate in 32 cities in China and such restrictive policies are mainly effective in particular cities. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes negatively impact our business, our financial condition, results of operations and prospects may be materially and adversely affected.

The PRC property market industry is highly competitive.

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

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

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

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

More recently, global market and economic conditions were adversely affected by the credit crisis in Europe, the credit rating downgrade of the United States and heightened market volatility in major stock markets. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. In the United Kingdom, a remain-or-leave referendum on its membership within the European Union was held in June 2016, the result of which favored the exit of the United Kingdom from the European Union (“Brexit”). On January 31, 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement signed in October 2019. The United Kingdom and the European Union will have a transition period until December 31, 2020 to negotiate, among others, trade agreements in details. Given the lack of precedent and uncertainty of the negotiation, the effect of Brexit remains uncertain, and Brexit has and may continue to create negative economic impact and increase volatility in the global market. To control inflation in the past, the PRC government has imposed control on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such austerity measures can lead to a slowdown in the economic growth. The PRC economy grew at a slower pace in 2014, 2015 and 2016 than in previous years, with a yearly real GDP growth of 7.3%, 6.9% and 6.7%, respectively. Recently, there have been growing concerns about the volatility of the Chinese economy and the adjustments of Chinese fiscal policies. For example, after a rapid surge from the second half of 2014 to early June 2015, the Chinese domestic equity markets experienced sharp declines and severe volatility beginning from June 13, 2015. The Chinese government has taken monetary and regulatory measures to stabilize the market, including measures affecting market liquidity, new equity offering pipelines and trading activities of certain market participants. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, home owners and potential property purchasers, which may lead to a decline in the general demand for our properties and erosion of their selling prices. Any further tightening of liquidity in the global financial markets may in the future negatively affect our liquidity. If the global economic and financial market slowdown and volatility continue or become more severe than currently anticipated, or if the PRC economy and financial market continues to slow down, our business, financial condition, results of operations and prospects could be materially and adversely affected.

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

RISKS RELATING TO DOING BUSINESS IN THE PRC

PRC economic, political, social conditions as well as government policies could adversely affect our business, prospects, financial condition and results of operations.

We conduct our business operations in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including but not limited to:

- economic structure;
- level of governmental involvement;

- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

As a result of these differences, our business may not develop in the same way or at the same rate as might be expected if the PRC economy were similar to those of developed countries. The PRC economy has been transitioning from a planned economy to a more market-oriented economy. The PRC government has implemented economic reform measures emphasizing responsiveness to market forces in the development of the PRC economy. However, the PRC government continues to play a significant role in regulating industries by imposing industrial policies. Furthermore, despite the implementation of such reforms, changes in the PRC's political and social condition, laws, regulations, policies and diplomatic relationships with other countries could have an adverse effect on our business, financial condition or results of operations.

In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. This refining and adjustment process may not necessarily have a positive effect on our operations and business development. Other political, economic and social factors may also lead to further adjustments of the reform measures. For example, the PRC government has in the past implemented a number of measures intended to curtail certain segments of the economy, including the real estate industry, which the government believed to be overheating. These actions, as well as other actions and policies of the PRC government, could cause a decrease in the overall level of economic activity in the PRC and, in turn, have an adverse impact on our business and financial condition.

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

Our business is conducted in mainland China and is governed by PRC laws and regulations. All of our operating subsidiaries are located in China and are subject to PRC laws and regulations. The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis, if at all) that some rules may have a retroactive effect. The PRC may not accord equivalent rights (or protection for such rights) to those rights investors might expect in countries with more sophisticated real estate laws and regulations.

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

We rely principally on dividends paid by our subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material and adverse effect on our ability to conduct our business.

We are a holding company incorporated in the Cayman Islands and operate our core businesses through our operating subsidiaries in the PRC. Therefore, the availability of funds to pay dividends to our Shareholders largely depends upon dividends received from these subsidiaries. If our subsidiaries incur debts or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends will be restricted.

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

Furthermore, restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future may also restrict the ability of our subsidiaries to provide capital or declare dividends to us and our ability to receive distributions. Therefore, these restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders.

In addition, under the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC 《中華人民共和國企業所得稅法實施條例》, if a foreign entity is deemed to be a “non-resident enterprise” as defined under the EIT Law, a withholding tax at the rate of 10% will be applicable to any dividends for earnings accumulated since January 1, 2008 payable to the foreign entity, unless it is entitled to reduction or elimination of such tax, including by tax treaties or agreements.

We may be classified as a “resident enterprise” for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us.

Under the EIT Law, which came into effect on January 1, 2008 and was amended on February 24, 2017 and December 29, 2018, enterprises established outside the PRC whose “*de facto* management bodies” are located in China are considered “resident enterprises” for PRC tax purposes and their global income will generally be subject to the uniform 25% PRC enterprise income tax rate. Under the Implementation Rules for the EIT Law, “*de facto* management bodies” is defined as management bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. In April 2009, the PRC State Administration of Taxation specified certain criteria for the determination of “*de facto* management bodies” for enterprises incorporated overseas with controlling shareholders that are onshore enterprises or enterprise groups in the PRC. However, it remains unclear how the tax authorities will treat an overseas enterprise ultimately controlled by PRC individual residents, as in our case.

Substantially all of our management is currently based in the PRC and may remain in the PRC. Therefore, we may be treated as a PRC resident enterprise for PRC enterprise income tax purposes. The tax consequences of such treatment are unclear, as they will depend on how PRC finance and tax authorities apply or enforce the EIT Law and the Implementation Rules. Although it is unclear under PRC tax law whether we have a “*de facto* management body” located in the PRC for PRC tax purposes, we currently 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 Law purposes, we would be subject to the PRC enterprise income tax at the rate of 25% on our worldwide income, although dividends from our PRC subsidiaries may be exempted from such tax, provided that the distribution is between two qualified PRC resident enterprises.

We face uncertainty relating to the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (“SAT Circular No. 7”) issued by the PRC State Administration of Taxation.

On February 3, 2015, the PRC State Administration of Taxation issued the SAT Circular No. 7, which abolished certain provisions in the Circular on Strengthening the Administration of Enterprise Income Tax on Non-PRC Resident Enterprises’ Share Transfers (《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》) (“SAT Circular No. 698”), previously issued by the State Administration of Taxation on December 10, 2009. SAT Circular No. 7 provides comprehensive guidelines relating to indirect transfers by a non-PRC resident enterprise of assets (including equity interests) of a PRC resident enterprise (“PRC Taxable Assets”). For example, SAT Circular No. 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-PRC resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets. The PRC tax authorities may disregard the existence of such overseas holding company and consider the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC EIT and lack any other reasonable commercial purpose. Although SAT Circular No. 7 contains certain exemptions (including (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from PRC EIT under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under SAT Circular No. 7 will be applicable to the to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying SAT Circular No. 7. As a result, we may be subject to tax under SAT Circular No. 7 and may be required to expend valuable resources to comply with SAT Circular No. 7 or to establish that we should not be taxed under SAT Circular No. 7, which may have a material adverse effect on our business, financial condition, results of operations and growth prospects.

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

The Notes are denominated in U.S. dollars, while substantially all of our revenues are generated by our PRC operating subsidiaries and are denominated in Renminbi. Pursuant to reforms of the exchange rate system announced by the PBOC on July 21, 2005, Renminbi-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being effectively linked to the U.S. dollar. Further, from May 18, 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0% on April 16, 2012 and further widened to 2.0% on March 17, 2014. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 24.5% from July 21, 2005 to June 30, 2016. On August 11, 2015, the PBOC announced plans to improve the central parity rate of the RMB against the U.S. dollar by authorizing market-makers to provide parity to the China Foreign Exchange Trading Center operated by the PBOC with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign currencies as well as changes in exchange rates of major international currencies. On the same day, the central parity rate of the RMB against the U.S. dollar depreciated by nearly 2.0% as compared to August 10, 2015, and further depreciated by nearly 1.6% on August 12, 2015 as compared to August 11, 2015. The International Monetary Fund announced on September 30, 2016 that the Renminbi joins its Special Drawing Rights currency basket. Such change and additional future changes may increase the volatility in the trading value of the Renminbi against foreign currencies. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of the Renminbi against the U.S. dollar, our financial condition and results of operations could be adversely affected because of our substantial U.S. dollar denominated indebtedness and other obligations. The fluctuations in exchange rates could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the Notes and other indebtedness denominated in foreign currencies.

There are 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 foreign currency-denominated liabilities and our liabilities under the Notes. These hedging agreements may require us to pledge or transfer cash and other collateral to secure our obligations under the agreements, and the amount of collateral required may increase as a result of mark-to-market adjustments. The Initial Purchasers and their affiliates may enter into such hedging agreements permitted under the Trust Deed, and these agreements may be secured by pledges of our cash and other assets as permitted under the Trust Deed. If we were unable to provide such collateral, it could constitute a default under such agreements.

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

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. Fluctuations in the exchange rates between the Renminbi and the Hong Kong Dollar or U.S. Dollar will affect the relative purchasing power in Renminbi terms. The fluctuations in exchange rates could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the Notes and other indebtedness denominated in foreign currencies. Currently, we have not entered into any hedging transactions to mitigate our exposure to foreign exchange risk.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve certain exchange rate targets and policy goals. In August 2015, PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. In 2015 and 2016, the value of the Renminbi depreciated approximately 4.4% and 7.2% against the U.S. dollar, respectively, and in 2017 RMB appreciated by 6.3%. In 2018, RMB depreciated by approximately 5% against the U.S. dollar. 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. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong Dollar or U.S. Dollar in the future.

The Renminbi is not a freely convertible currency.

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

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

Our investment properties are held by us under land use rights granted by the PRC government. Under PRC laws, the maximum term of the land use rights is 40 years for commercial and mixed-use purposes and 50 years for office complexes. Upon expiration, the land use rights will revert to the PRC government unless the holder of the land use rights applies for and is granted an extension of the term of the land use rights.

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

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

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.

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 and certain Non-Guarantor Subsidiaries. The Subsidiary Guarantors do not, and the JV Subsidiary Guarantors (if any) may not, have significant 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 principal and interest payments on the intercompany loans and distributions of dividends from our PRC subsidiaries.

Creditors, including trade creditors of Non-Guarantor Subsidiaries and any holders of preferred shares in such entities, would have a claim on the Non-Guarantor Subsidiaries' assets that would be prior to the claims of holders of the Notes. As a result, our payment obligations under the Notes will be effectively subordinated to all existing and future obligations of our Non-Guarantor Subsidiaries, including their obligations under guarantees they have issued or will issue in connection with our business operations, and all claims of creditors of our Non-Guarantor Subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. As of December 31, 2020, our Non-Guarantor Subsidiaries had total debt in the amount of RMB44,184.4 million (US\$6,771.6 million), capital commitments in the amount of RMB28,716.1 million (US\$4,400.9 million) and contingent liabilities arising from guarantees in the amount of RMB34,765.8 million (US\$5,328.1 million). Subsequent to December 31, 2020, we also issued the January 2021 Notes, the February 2021 Notes and the April 2021 Notes. The Notes and the Indenture permit us, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and our Non-Guarantor Subsidiaries to incur additional indebtedness and issue additional guarantees, subject to certain limitations. In addition, our secured creditors or those of any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) would have priority as to our assets or the assets of such Subsidiary Guarantor or JV Subsidiary Guarantor (if any) securing the related obligations over claims of holders of the Notes.

Under the terms of the Notes, a Subsidiary Guarantee may be replaced by a limited-recourse guarantee, or JV Subsidiary Guarantee, following the sale or issuance to a third party of equity interest of no less than 20% in such subsidiary by its direct or indirect majority shareholders (subject to the satisfaction of certain conditions). Recovery under a JV Subsidiary Guarantee is limited to an amount equal to our proportional interest in the issued share capital of such Subsidiary Guarantor, or JV Subsidiary Guarantor, multiplied by the fair market value of the total assets in such JV Subsidiary Guarantor and its subsidiaries, on a consolidated basis, as of the date of the last fiscal year end of the Company. As a result, the amount that may be recovered by the Trustee pursuant to a JV Subsidiary Guarantee (compared to a Subsidiary Guarantee) is reduced, which in turn may affect your ability to recover any amounts due under the Notes.

We have substantial indebtedness 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 interest-bearing bank and other borrowings as of December 31, 2018, 2019 and 2020 were RMB38,170.6 million, RMB36,317.1 million and RMB41,761.3 million (US\$6,400.23 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 for other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and
- increase the cost of additional financing.

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

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We anticipate that our operating cash flow will be sufficient to meet our anticipated operating expenses and to service our debt obligations as they become due.

However, there is no assurance that we will be able to generate sufficient cash flow for these purposes. If we are unable to service our indebtedness, including our obligations under the Notes, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

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

Our Company is a holding company that relies on payment from our subsidiaries for funding and limitations on the ability of our PRC subsidiaries to pay dividends or repay intercompany loans or advanced to us may have a material adverse effect on our ability to conduct our business.

As a holding company, we depend on the receipt of dividends and the principal and interest payments on intercompany loans or advances from our subsidiaries, including our PRC subsidiaries, to satisfy our obligations, including our obligations under the Notes. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, applicable laws and restrictions contained in the debt instruments or agreements of such subsidiaries. Pursuant to the loan agreements with certain PRC banks, certain of our PRC subsidiaries are subject to dividend restrictions. See “Description of Material Indebtedness and Other Obligations – PRC Loan Agreements.” In addition, restrictive covenants in bank credit facilities, trust financing agreements or other agreements that we or our subsidiaries may enter into in the future, if any, may also restrict the ability of our PRC subsidiaries to pay dividends and make payments on intercompany loans or advances to us. Such restrictions may adversely affect the calculation of our Consolidated EBITDA, and in turn our ability to undertake additional financing, investment or other transactions under the terms of the Notes. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to us to make payments on the Notes. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Notes and the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be. Any limitation on the ability of our PRC subsidiaries to pay dividends to us may materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, service our indebtedness (including the Notes) or otherwise fund and conduct our business.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with IFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends. In addition, dividends paid by our PRC subsidiaries to their non-PRC parent companies are subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. Pursuant to an avoidance of double taxation arrangement between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident and directly holds a 25% or more interest in the PRC enterprise, such withholding tax rate may be lowered to 5%. As a result of such restrictions, there could be limitations on payments from our PRC subsidiaries to meet payments required by the Notes or satisfy the obligations of the Subsidiary Guarantors or JV Subsidiary Guarantors (if any) under the Subsidiary Guarantees or JV Subsidiary Guarantees as the case may be, and there could be restrictions on payments required to redeem the Notes at maturity or as required for any early redemption.

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

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 the JV Subsidiary Guarantees (as the case may be). Any limitation on the ability of our PRC subsidiaries to pay dividends to us may also materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses or otherwise fund and conduct our business, 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 the U.S. dollar.

The Notes are denominated in U.S. dollars, while substantially all of our revenue is denominated in Renminbi. Pursuant to reforms of the exchange rate system announced by the PBOC on July 21, 2005, Renminbi-to-foreign currency exchange rates are allowed to fluctuate within a narrow and managed band against a basket of foreign currencies, rather than being effectively linked to the U.S. dollar. Further, from May 18, 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on May 21, 2007. This allows Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0% on April 16, 2012 and to 2.0% on March 17, 2014. These changes in currency policy resulted in Renminbi appreciating against the U.S. dollar and the H.K. dollar by approximately 33% from July 21, 2005 to December 31, 2014. The International Monetary Fund announced on September 30, 2016 that the Renminbi joins its Special Drawing Rights currency basket. Such change and additional future changes may increase the volatility in the trading value of the Renminbi against foreign currencies. 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 Renminbi against the U.S. dollar, our financial condition and results of operations could be adversely affected because of our U.S. dollar-denominated indebtedness. Such a devaluation could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the Notes.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between 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 arrangements in respect of our U.S. dollar-denominated liabilities under the Notes. These hedging arrangements may require us to pledge or transfer cash and other collateral to secure our obligations under the arrangements, and the amount of collateral required may increase as a result of mark-to-market adjustments. The Initial Purchasers and their respective affiliates may enter into such hedging arrangements permitted under the Indenture, and these arrangements 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 hedging arrangements.

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

We must offer to purchase the Notes upon the occurrence of a Change of Control Triggering Event, at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest. See the section entitled “Description of the Notes.” The source of funds for any such purchase would be our available cash or third-party financing.

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

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

Interest paid by us to our non-PRC holders of the Notes and gain on the sale of our Notes may be subject to withholding taxes under PRC tax laws.

We may be treated as a PRC resident enterprise for PRC tax purposes. See “-Risks Relating to Doing Business in the PRC – We may be classified as a “resident enterprise” for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us.” If we are deemed a PRC resident enterprise, the interest paid on the Notes may be considered to be sourced within China. In that case, PRC income tax at the rate of 10% will be withheld from interest paid by us to holders that are “non-resident enterprises” so long as such “non-resident enterprise” investors do not have an establishment or place of business in China or, if despite the existence of such establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China. Any gain realized on the transfer of the Notes by such holders will be subject to a 10% PRC income tax if such gain is regarded as income derived from sources within China. Furthermore, if we are considered a PRC resident enterprise and the relevant PRC tax authorities consider interest we pay with respect to the Notes, or any gains realized from the transfer of Notes, to be income derived from sources within the PRC, such interest or gains earned by nonresident individuals may be subject to PRC income tax (which in the case of interest, may be withheld by us) at a rate of 20%. In addition, interest payments and gains on the transfer of a Note may be subject to PRC value-added tax (“VAT”) at a rate of 6% plus local levies if we are considered a PRC resident enterprise. It is uncertain whether we will be considered a PRC “resident enterprise.” If we are required under the EIT Law to withhold PRC income tax or PRC VAT on interest paid to our non-PRC noteholders we will be required, subject to certain exceptions to pay such additional amounts as will result in receipt by a holder of a Note of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes, and could have a material adverse effect on our ability to pay interest on, and repay the principal amount of, the Notes, as well as our profitability and cash flow. In addition, if you are required to pay PRC income tax or PRC VAT on the transfer of our Notes, the value of your investment in our Notes may be materially and adversely affected. It is unclear whether, if we are considered a PRC “resident enterprise,” holders of our Notes might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

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

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

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

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

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

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

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- 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;
- engage in any business other than permitted business;
- enter into agreements that restrict the Restricted Subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

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

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

In light of land prices, sizes of projects and other factors, we may from time to time consider developing property developments jointly with third parties, including other PRC property developers. As a result, we may need to make investments in joint ventures (including joint ventures in which we may own less than a 50% equity interest) and such joint ventures may or may not be Restricted Subsidiaries. Although the Indenture restricts us and our Restricted Subsidiaries from making investments in Unrestricted Subsidiaries or minority joint ventures, these restrictions are subject to important exceptions and qualifications, including, among others, that we may, subject to certain conditions, make investments in any Unrestricted Subsidiaries and minority owned joint ventures primarily engaged in permitted business up to an aggregate amount equal to 25.0% of our total assets, without satisfying the Fixed Charge Coverage Ratio requirement. See “Description of the Notes.”

The terms of the Notes permit us to pay substantial amount of dividends.

We pay dividends to our shareholders from time to time. Under the Indenture, any such dividend payment will be a “Restricted Payment”, which could not be made unless we can, among other things, satisfy the Fixed Charge Coverage Ratio. However, such restriction is subject to important exceptions and qualifications. Under the terms of the Notes, we may pay dividends on our common stock in an aggregate amount up to 25.0% of our profit for the year without satisfying the Fixed Charge Coverage Ratio. With such an exception, we may be able pay substantial amount of dividends even when we are highly leveraged, which may materially and adversely affect our ability to service our indebtedness, including the Notes.

The Issuer may elect to redeem the Notes prior to their maturity.

As set forth in “Description of the Notes – Optional Redemption,” the Notes may be redeemed at our option in the circumstances set out therein. An optional redemption feature is likely to limit the market value of the Notes. During any period when we may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be the case prior to any redemption period. The date on which the Issuer elects to redeem the Notes may not accord with the preference of particular Noteholders. We may be expected to redeem Notes when the current financing cost is lower than the interest rate on the Notes. In such case, a Noteholder 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 reinvest so at a significantly lower rate. It may therefore cause a negative financial impact on the holders of the Notes. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

The Notes are a new issue of securities for which there is currently no trading market. One or more initial investors may subscribe for a material proportion of the aggregate principal amount of the Notes which may reduce the liquidity of the Notes in the secondary trading market and such investors may have certain influence on matters voted on by Noteholders. Accordingly, there can be no assurance as to the liquidity of the Notes or that an active trading market will develop. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group’s operations and the market for similar securities. We have been advised that the Initial Purchasers intend to make a market in the Notes, but the Initial Purchasers are not obligated to do so and may discontinue such market making activity at any time without notice. In addition, the Notes are being offered pursuant to exemptions from registration under the U.S. Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the U.S. Securities Act or in transactions not subject to or exempt from registration under the U.S. Securities Act. See the section entitled “Transfer Restrictions.” No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for the Notes. If an active trading market does not develop or is not continued, the market price and liquidity of the Notes could be adversely affected.

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

The Notes are expected to be assigned a rating of B+ by Fitch Ratings and B2 by Moody's Investors Services. 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. In addition, we have been assigned a long-term corporate credit rating of B+ with a positive outlook by Fitch Ratings and a corporate family rating of B1 with a stable outlook by Moody's Investors Service. 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.

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

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

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

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

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

We conduct substantially all of our business operations through PRC-incorporated subsidiaries in China. The Subsidiary Guarantors, as equity holders in our PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. Any JV Subsidiary Guarantors which become equity holders of our PRC subsidiaries would also be subject to such laws. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of the jurisdictions with which the holders of the Notes are familiar. You should analyze the risks and uncertainties carefully before you invest in our 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, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to our industry and general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes. We cannot assure you that these developments will not occur in the future.

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, the Trustee may request holders of the Notes to provide an indemnity and/or security and/or prefunding to its satisfaction before it will take actions on their behalf. The Trustee will 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. Further, 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 Indenture or in circumstances where there is uncertainty or dispute as to such actions' compliance with applicable laws and regulations. In such circumstances, to the extent permitted by any applicable agreements or applicable laws, it will be for the holders of the Notes to take such actions directly.

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

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

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

We will be subject to reporting obligations in respect of the Notes to be listed on the Hong Kong Stock Exchange. The disclosure standards imposed by the Hong Kong Stock Exchange 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.

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 Green Bond Principles, 2018. We have engaged Sustainalytics and Standard & Poor's Financial Services LLC, independent firms that specialize in rating environmental and corporate governance performance, to provide second party opinions (the "Second Party Opinions") on our Green Bond Framework and to confirm the alignment with the ICMA Green Bond Principles 2018 ("GBP"). The Second Party Opinions are available on our website. The description of Eligible Green Projects provided elsewhere in this offering memorandum is for illustrative purposes only and no assurance can be provided that investment in projects with these specific characteristics will be made by us during the term of the Notes. We cannot guarantee that we will be able to comply with the obligations as set out in the 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.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as “green” and therefore no assurance can be provided to potential investors that the Eligible Green Projects (as defined in the Green Bond Framework) will continue to meet the relevant eligibility criteria or meet all investor expectations regarding environmental impact. Although applicable green projects are expected to be selected in accordance with the categories recognized in the GBP and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse social and/or environmental developments will not occur during the design, construction, commissioning and/or operation of any such green projects. In addition, where any negative impacts are insufficiently mitigated, green projects may become controversial, and/or may be criticized by activist groups or other stakeholders.

The Second-Party Opinions may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. The Second-Party Opinions are not a recommendation to buy, sell or hold the Notes and are only current as of the date that each of the Second-Party Opinion was initially issued, and may be updated, suspended or withdrawn at any time. Currently, the providers of second-party opinions are not subject to any regulatory regime or oversight. A withdrawal of any of the Second-Party Opinions or any failure to use the proceeds of the Notes on projects within the definition of the Eligible Green Projects, or to meet or continue to meet the investment requirements of certain environmentally-focused investors with respect to such Notes, may have an adverse effect on the value of the Notes and/or may have adverse consequences for certain investors with portfolio mandates to invest in green assets.

No assurance can be provided with respect to the suitability or reliability of the Second-Party Opinions or that the Notes will fulfil the criteria to qualify as Green Bonds. Neither the Green Structuring Advisor nor the Initial Purchasers have undertaken, or are responsible for, any assessment of the eligibility of projects within the definition of Eligible Green Projects or the monitoring of the use of proceeds from the offering of the Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this offering memorandum regarding the use of proceeds and its purchase of the Notes should be based upon such investigation as it deems necessary. None of the Green Bond Framework or the Second-Party Opinions is incorporated into, or forms part of, this offering memorandum.

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

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

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

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

If the Issuer fails to complete the post-issuance report to the NDRC in connection with the Notes, NDRC may impose penalties or other administrative procedures on the Issuer.

On September 14, 2015, the NDRC promulgated the NDRC Circular pursuant to which if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue notes outside of the PRC with a maturity of more than one year, such PRC enterprise must in advance of issuing such notes, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issue. According to the NDRC Circular, the NDRC is expected to issue a decision on the submission within seven working days after it accepts the submission. The enterprise must also report certain details of the notes to the NDRC within 10 business days upon the completion of the note issue.

The NDRC Circular is silent on the legal consequences of noncompliance with the pre-issue registration requirement. In the worst case scenario, it might become unlawful for the Issuer to perform or comply with any of its obligations under the Notes. Similarly, there is no clarity on the legal consequences of noncompliance with the post-issue notification requirement under the NDRC Circular. Additional guidance has been issued by the NDRC (《企業境外發行債券指引》) the (“NDRC Circular Guidelines”) on December 18, 2015, which states that companies, investment banks, law firms and other intermediaries involved in debt securities issues which do not comply with the registration requirement under the NDRC Circular will be subject to a blacklist and sanctions. The NDRC Circular Guidelines are silent as to how such blacklist will be implemented or the exact sanctions that will be enacted by the NDRC, or any impact on the Noteholders, in the event of a noncompliance by the Issuer with the NDRC Circular. The Issuer has undertaken to notify the NDRC of the particulars of the issue of the Notes within the prescribed period under the NDRC Circular.

Since the NDRC Circular is new and without any detailed implementation procedures, there is no assurance that the NDRC will not issue further implementation rules or notices which may require additional steps in terms of the registration or provide sanctions or other administrative procedures the NDRC may impose in case of failure of such registration with, or post issuance report to, the NDRC. The Issuer has completed the registration with the NDRC and obtained the registration certificate on November 19, 2020. If the Issuer does not report the post issuance information with respect to the Notes within the timeframe as provided under the NDRC Circular, the NDRC may impose sanctions or other administrative procedures on the Issuer which may have a material adverse impact on its business, financial condition or results of operations.

RISKS RELATING TO THE SUBSIDIARY GUARANTEES AND THE JV SUBSIDIARY GUARANTEES

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

We conduct substantially all of our business operations through our PRC subsidiaries, but none of our current PRC subsidiaries will provide a Subsidiary Guarantee or JV Subsidiary Guarantee either upon issuance of the Notes or at any time thereafter. Therefore, almost all of our revenue and income (as shown in our consolidated financial information included elsewhere in this offering memorandum) are attributed to our PRC operating subsidiaries and any contribution from direct operations of the Subsidiary Guarantors (or JV Subsidiary Guarantors) are immaterial. No future subsidiaries that are organized under the laws of the PRC will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. Moreover, the Notes will not be guaranteed by certain of our offshore subsidiaries upon issuance. In addition, certain of our future offshore subsidiaries will not be required to guarantee the Notes if the consolidated assets of all our offshore subsidiaries that do not guarantee the Notes (other than Exempted Subsidiaries and Listed Subsidiaries) do not exceed 15.0% of our total assets. As a result, the Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of such Non-Guarantor Subsidiaries. See “Description of the Notes-The Subsidiary Guarantees and JV Subsidiary Guarantees” for a list of the Non-Guarantor Subsidiaries.

The initial Subsidiary Guarantors which 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 obligations under Notes if we are unable to do so.

Under the terms of the Notes, the Company may elect not to cause any future Restricted Subsidiary organized outside the PRC (other than Exempted Subsidiaries and Listed Subsidiaries) provide any guarantee for the Notes and a Subsidiary Guarantor may be able to release its Subsidiary Guarantee if it sells or issues no less than 20.0% of the Capital Stock of such Subsidiary Guarantor to a third party, as long as the consolidated assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries and Listed Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for more than 15.0% of our total assets.

In addition, a Subsidiary Guarantee may be replaced by a limited-recourse JV Subsidiary Guarantee following the sale or issuance to a third party of certain minority interest in such subsidiary (subject to the satisfaction of certain conditions). Recovery under a JV Subsidiary Guarantee provided by a JV Subsidiary Guarantor and its shareholder and subsidiaries 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 our last fiscal year-end. As a result, the amount that may be recovered by the Trustee pursuant to a JV Subsidiary Guarantee (compared with a Subsidiary Guarantee) is reduced, which in turn may affect your ability to recover any amounts due under the Notes. See “-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.”

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

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

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

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

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

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.

USE OF PROCEEDS

The gross proceeds from this offering will be US\$337 million, which we plan to use to refinance our existing indebtedness and in accordance with our Green Bond Framework.

We may adjust the foregoing plans in response to changing market conditions and, thus, reallocate the use of the proceeds.

NOTES BEING ISSUED AS GREEN BONDS

PURPOSE

Our Green Bond Framework (the “GBF”) has been developed to demonstrate how we will enter into Green Bond transactions to fund new and existing projects and businesses with environmental benefits in alignment with the ICMA Green Bond Principles 2018 (GBP). Our GBF is made public on our website.

ASSERTIONS FROM MANAGEMENT

For each Green Bond issued, we assert that it will adopt: (1) use of proceeds; (2) process for project evaluation and selection; (3) management of proceeds, and (4) reporting, as set out in our GBF.

1. Use of Proceeds

The net proceeds of each Green Bond will be used to fund or refinance, in whole in part, new or existing “Eligible Green Projects”. “Eligible Green Projects” refer to projects that provide clear environmental and sustainability benefits 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: projects involving at least one of the following features:
 - Development, renovation, maintenance, operations or acquisitions of buildings, that have received or are expected to receive:
 - Chinese Green Building Evaluation Label with a minimum certification level of 2 stars
 - LEED with a minimum certification of Gold
 - BREEAM with a minimum certification of Excellent
 - Any other green building certification that is an equivalent standard of the above
 - Building renovation with energy savings of at least 30% in comparison to the baseline performance of the building prior the renovation
- b. Renewable Energy: projects which develop solar and energy storage technologies, including, but not limited to, solar photovoltaic energy systems, solar sensor water system and solar water heating system
- c. Energy Efficiency: Investments in energy efficient building upgrades or improvements to achieve at least a 15% improvement of the building system performance
- d. Pollution Prevention and Control: projects involving at least one of the following features:
 - Waste management aiming to prevent, minimize and/or recycle waste
 - Enforcement of dust control and noise reduction, during construction and/or operation of buildings
- e. Sustainable Water Management: projects which construct, develop, install, operate and maintain infrastructure or equipment for collection, treatment, recycling or reuse water, rainwater or wastewater

2. Process for Project Evaluation and Selection

Eligible Green Projects will be selected by the Green Bond Committee formed by representatives from Treasury (chair), Controlling, Legal, Engineering, Design, Operations and Investor Relations and relevant business units in accordance to the criteria defined in the Green Bond Framework. Selected Eligible Green Projects will be reviewed on an annual basis.

3. Management of Proceeds

We will track the net proceeds using an internal Green Bond register to keep track of the use of proceeds for each Green Bond and will record the following information:

- a. Type of funding transaction, including details such as issuance date, number of transactions, principal amount of proceeds, repayment or amortization profile, maturity date, interest or coupon and ISIN number.
- b. Allocation of use of proceeds, including amount of proceeds allocated to each Eligible Green Project and the balance of unallocated proceeds.

Pending full allocation, the Treasury team will temporarily hold the unallocated net proceeds at its own discretion in cash or cash equivalents, or in other short-term liquid marketable instruments.

4. Reporting

We will provide information on the allocation of the net proceeds of outstanding Green Bond on our website. 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 Green Bonds during the period:
 - Total Amount of outstanding Green Bonds
 - Aggregated amount allocated to respective Eligible Green Projects
 - Balance of unallocated net proceeds
- b. Impact Reporting: On a best effort basis, we will report on the environmental and social 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: Level of certification by building; Energy performance for buildings (in kWh per m² and year); Annual GHG emission avoided (in tCO₂eq); Annual energy savings (in MWh);
 - % annual energy efficiency gains relative to an established baseline
 - Renewable Energy: Renewable energy capacity installed (in MW); Renewable energy generated annually (in MWh); Annual GHG emission avoided (in tCO₂eq)
 - Energy Efficiency: Annual energy savings (in MWh); Annual GHG emission avoided (in tCO₂eq); % annual energy efficiency gains relative to an established baseline
 - Sustainable Water Management: Amount of rain water collected and re-used (in m³)

We have engaged Sustainalytics and Standard & Poor's Financial Services LLC, independent firms that specialize in rating environmental and corporate governance performance, to each provide a Second Party Opinion ("SPO") on our Green Bond Framework and to confirm the alignment with the GBP. The SPOs are available on our website.

EXCHANGE RATE INFORMATION

CHINA

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

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

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

Period	Period end	Noon buying rate		
		Average ⁽¹⁾	High	Low
		(RMB per US\$1.00)		
2016.....	6.9430	6.6549	6.9580	6.9430
2017.....	6.5063	6.7530	6.9575	6.4773
2018.....	6.8755	6.6292	6.9737	6.2649
2019.....	6.9618	6.9014	7.1786	6.6822
2020.....	6.5250	6.8878	7.1348	6.5250
November	6.5760	6.6029	6.6899	6.5556
December.....	6.5250	6.5393	6.5705	6.5208
2021				
January	6.4282	6.4672	6.4822	6.4282
February	6.4730	6.4601	6.4869	6.4344
March	6.5518	6.5109	6.5716	6.4932
April	6.4749	6.5186	6.5649	6.4710
May (through May 14, 2021)	6.4367	6.4507	6.4749	6.4156

Source: Federal Reserve H.10 Statistical Release

Note:

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

HONG KONG

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

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

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

Period	Period end	Noon buying rate		
		Average ⁽¹⁾	High	Low
		(HK per US\$1.00)		
2016.....	7.7534	7.7618	7.8270	7.7505
2017.....	7.8128	7.7950	7.8267	7.7540
2018.....	7.8305	7.8376	7.8499	7.8043
2019.....	7.7894	7.8335	7.8499	7.7850
2020.....	7.7534	7.7562	7.7927	7.7500
November	7.7522	7.7526	7.7552	7.7505
December.....	7.7534	7.7519	7.7539	7.7505
2021				
January	7.7531	7.7533	7.7555	7.7517
February	7.7567	7.7529	7.7567	7.7515
March	7.7746	7.7651	7.7746	7.7562
April	7.7664	7.7691	7.7849	7.7596
May (through May 14, 2021)	7.7663	7.7673	7.7697	7.7651

Source: Federal Reserve H.10 Statistical Release

Note:

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

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our consolidated cash and cash equivalents, short-term debt and capitalization as of December 31, 2020 on an actual basis and on an as adjusted basis after giving effect to the gross proceeds from the issuance of the Notes in this offering. The following table should be read in conjunction with the selected consolidated financial information and the unaudited consolidated financial statements and related notes included in this offering memorandum.

	As of December 31, 2020			
	Actual		As adjusted	
	(RMB'000)	(US\$'000)	(RMB'000) (unaudited)	(US\$'000) (unaudited)
Cash and cash equivalents⁽¹⁾	35,477,942	5,437,232	37,677,872	5,774,386
Current borrowings				
Senior notes ⁽²⁾	5,186,525	794,870	5,186,525	794,870
Corporate bonds	1,470,458	225,358	1,470,458	225,358
Bank and other borrowings	12,891,572	1,975,720	12,891,572	1,975,720
Total current borrowings	19,548,555	2,995,947	19,548,555	2,995,947
Non-current borrowings⁽²⁾				
Bank and other borrowings	28,869,723	4,424,479	28,869,723	4,424,479
Corporate bonds	3,084,546	472,727	3,084,546	472,727
Senior notes	15,781,545	2,418,628	15,781,545	2,418,628
Notes to be issued	—	—	2,199,930	337,154
Total non-current borrowings	47,735,814	7,315,834	49,935,744	7,652,988
Total equity	37,602,954	5,762,905	37,602,954	5,762,905
Total capitalization⁽³⁾	85,338,768	13,078,738	87,538,698	13,415,893

Notes:

- (1) Cash and cash equivalents exclude restricted cash of RMB6,885.0 million (US\$1,055.2 million) and pledged deposits of RMB609.6 million (US\$93.4 million).
- (2) Subsequent to December 31, 2020, we have, in the ordinary course of business, entered into additional financing arrangements to finance our property developments and for general corporate purposes, including, but not limited to the January 2021 Notes, the February 2021 Notes and the April 2021 Notes. See “Description of Material Indebtedness and Other Obligations.” These additional borrowings are not reflected in the table above.
- (3) Total capitalization includes total non-current borrowings plus total equity.

After the completion of this offering, we may incur additional debt, including Renminbi denominated borrowings or debt securities in China. Except as otherwise disclosed in this offering memorandum, there has been no material adverse change in our capitalization since December 31, 2020.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following table presents our summary financial and other data. The summary consolidated statement of comprehensive income data for 2018, 2019 and 2020 and the summary consolidated statement of financial position data as of December 31, 2018, 2019 and 2020 set forth below (except for EBITDA data) have been derived from our consolidated financial statements for such years and as of such dates, as audited by Ernst & Young, the independent certified public accountants, and included elsewhere in this offering memorandum. The summary financial data below should be read in conjunction with the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the notes to those statements included elsewhere in this offering memorandum.

SELECTED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND OTHER FINANCIAL DATA

	For the year ended December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(unaudited)
REVENUE	26,453,106	32,557,660	36,126,089	5,536,565
Cost of sales	(20,431,790)	(26,059,803)	(29,222,208)	(4,478,499)
GROSS PROFIT	6,021,316	6,497,857	6,903,881	1,058,066
Other income and gains	327,113	471,131	971,825	148,939
Selling and distribution expenses	(876,602)	(972,294)	(1,159,713)	—
Administrative expenses	(980,864)	(1,214,481)	(1,138,328)	—
Impairment losses of financial assets, net	(4,141)	(482)	(5,087)	(780)
Other expenses.....	(44,921)	(98,935)	(161,450)	(24,743)
Fair value gains on investment properties.	144,561	326,507	323,960	49,649
Net gain or loss from financial assets at fair value through profit or loss	80,452	(14,513)	17,454	2,675
Finance costs	(381,482)	(484,091)	(504,796)	(77,363)
Share of profits and losses of:				
Joint ventures	(59,482)	357,503	33,887	5,193
Associates	(98,471)	163,429	545,272	83,567
PROFIT BEFORE TAX	4,127,479	5,031,631	5,826,905	893,012
Income tax expense	(1,894,942)	(1,937,647)	(2,267,971)	(347,582)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>2,232,537</u>	<u>3,093,984</u>	<u>3,558,934</u>	<u>545,430</u>
Attributable to:				
Owners of the parent	2,120,734	2,506,405	2,650,744	406,244
Non-controlling Interests.	111,803	587,579	908,190	139,186
	<u>2,232,537</u>	<u>3,093,984</u>	<u>3,558,934</u>	<u>545,430</u>
OTHER FINANCIAL DATA (UNAUDITED):				
EBITDA ⁽¹⁾	4,542,633	5,622,531	6,439,898	986,958
EBITDA margin ⁽²⁾	<u>17.2%</u>	<u>17.3%</u>	<u>17.8%</u>	<u>17.8%</u>

Notes:

- (1) EBITDA for any period primarily consists of profit from operating activities before change in fair value of investment properties, option derivatives and certain financial assets, impairment loss recognized in respect of goodwill, net finance cost plus income tax, depreciation and amortization expenses. Finance cost includes those interest expense previously capitalized as assets and currently released to cost of sales and services in the consolidated statement of profit or loss and other comprehensive income. EBITDA is not a standard measure under IFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. See the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations-Non-GAAP Financial Measures" for a reconciliation of our profit for the year under IFRS to our definition of EBITDA. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the indentures governing the Existing Notes.
- (2) EBITDA margin is calculated by dividing EBITDA by revenue.

Selected Consolidated Statement of Financial Position

	As of December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (unaudited)
NON-CURRENT ASSETS				
Property, plant and equipment.....	876,882	579,770	561,410	86,040
Investment properties.....	8,461,900	9,377,800	10,615,200	1,626,851
Other right-of-use assets.....	—	390,518	345,356	52,928
Prepaid land lease payments.....	213,674	—	—	—
Other intangible assets.....	9,940	6,843	6,902	1,058
Prepayments, other receivables and other assets ...	—	120,120	—	—
Investments in joint ventures.....	1,931,702	2,341,631	3,137,528	480,847
Investment in associates.....	1,796,827	3,199,926	5,675,958	869,879
Deferred tax assets.....	1,463,999	1,684,744	1,803,433	276,388
Total non-current assets.....	14,754,924	17,701,352	22,145,787	3,393,990
CURRENT ASSETS				
Financial assets at fair value through profit or loss.....	862,161	773,896	938,067	143,765
Properties under development.....	63,588,003	86,379,442	117,686,697	18,036,275
Completed properties held for sale.....	11,433,470	7,626,154	7,870,910	1,206,270
Trade receivables.....	34,151	66,293	124,825	19,130
Due from related companies.....	7,686,366	6,696,104	7,880,825	1,207,789
Prepaid land lease payments.....	754,184	—	—	—
Prepayments, deposits and other receivables.....	12,755,716	13,533,906	20,377,345	3,122,965
Tax recoverable.....	1,160,983	1,135,255	1,388,542	212,803
Restricted cash.....	4,866,036	5,137,032	—	—
Pledged deposits.....	963,560	1,801,205	—	—
Cash and cash equivalents.....	22,538,953	28,368,571	42,972,503	6,585,824
Total current assets.....	126,643,583	151,517,858	199,239,714	30,534,822
CURRENT LIABILITIES				
Trade and bills payables.....	8,212,543	16,752,615	21,219,712	3,252,063
Other payables, deposits received and accruals	5,449,969	10,571,875	12,351,381	1,892,932
Advances from customers.....	—	—	—	—
Contract liabilities.....	47,149,486	38,797,781	60,866,676	9,328,226
Due to related companies.....	3,332,983	7,386,244	13,816,828	2,117,522
Interest-bearing bank and other borrowings.....	21,629,210	14,534,136	12,891,572	1,975,720
Senior notes.....	1,094,198	3,482,134	5,186,525	794,870
Corporate bond.....	1,115,788	2,024,173	1,470,458	225,358
Tax payable.....	2,297,672	2,828,821	4,400,731	674,442
Lease liabilities.....	—	68,171	54,666	8,378
Total current liabilities.....	90,281,849	96,445,950	132,258,549	20,269,509
NET CURRENT ASSETS	36,361,734	55,071,908	66,981,165	10,265,313
TOTAL ASSETS LESS CURRENT LIABILITIES	51,116,658	72,773,260	89,126,952	13,659,303
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings.....	16,541,379	21,782,986	28,869,723	4,424,479
Other payables and accruals.....	3,285,661	2,321,843	2,891,445	443,133
Senior notes.....	4,076,627	13,360,910	15,781,545	2,418,628
Corporate bond.....	2,034,399	3,481,130	3,084,546	472,727
Deferred tax liabilities.....	699,591	702,925	848,301	130,008
Lease liabilities.....	—	63,477	48,438	7,423
Total non-current liabilities.....	26,637,657	41,713,271	51,523,998	7,896,398
NET ASSETS	24,479,001	31,059,989	37,602,954	5,762,905
EQUITY				
Equity attributable to owners of the parent				
Share capital.....	265	282	282	43
Reserves.....	13,528,703	16,396,245	19,575,985	3,000,151
	13,528,968	16,396,527	19,576,267	3,000,194
Perpetual capital securities	3,008,224	1,439,510	1,418,707	217,426
Non-controlling interests	7,941,809	13,223,952	16,607,980	2,545,284
TOTAL EQUITY	24,479,001	31,059,989	37,602,954	5,762,905

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

The following discussion should be read in conjunction with the section entitled "Selected Consolidated Financial and Other Data" and our consolidated financial statements, including the notes thereto, included elsewhere in this offering memorandum. All significant intra-group transactions, balances and unrealized gains on intra-group transactions have been eliminated.

Our consolidated financial statements were prepared in accordance with IFRS, which differ in certain material respects from generally accepted accounting principles in other jurisdictions. In this section of the offering memorandum, references to "2018," "2019" and "2020" refer to our financial years ended December 31, 2018, 2019 and 2020, respectively.

OVERVIEW

We are a large comprehensive property developer in the PRC focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Zhenro Properties Holdings, the onshore holding company of our Group, was established in July 2015 as Zhenro Group's exclusive platform to carry out its property development business founded in 1998. Headquartered in Shanghai, we have an active presence in the Yangtze River Delta Economic Region, the Bohai Economic Rim and the Western Taiwan Straits Economic Zone, the Western China Region, the Central China Region and the Pearl River Delta Region. As of December 31, 2020, we had a property portfolio of 216 property projects with an aggregate GFA attributable to us of approximately 28.5 million sq.m., including (i) the total GFA available for sale and total leasable GFA for completed properties, (ii) total GFA for properties under development and (iii) total GFA for properties held for future development. Our property projects were located in 32 cities in six core business regions at various stages of development, of which 150 property projects were owned and developed by us and 66 property projects were developed by non-subsidiaries. We have been listed on the Hong Kong Stock Exchange since January 2018. In May 2018, our stocks were selected as a constituent stock of the Hang Seng Indexes.

We attribute our success to our distinctive market positioning strategy, strong land sourcing capability, standardized property development procedures and dynamic realizable-market-value-based inventory management approach, all of which enable us to replicate our success as we expand throughout China and create brand recognition. In particular, we have adopted a dynamic management approach in the entire life cycle of a property project, focusing on maximizing returns for our property projects, optimizing cash position and responding quickly to market changes. We conduct quarterly review and may establish new or adjust our existing investment plans and product positioning, design, sales price and marketing approach in view of the estimated realizable market value of our projects which are based on our annual sales targets, our profit targets, our real time property inventory position and the changing market conditions. Although sales targets are set at our headquarters, we empower a senior management team in each city which performs regional management functions with the ability to adjust sales price for our projects based on changing market conditions due to their familiarity with the local property markets. Such ability to adjust our inventory status, sales price and cash flow to proactively respond to trends in local property markets has enabled us to maintain profitability. For the years ended December 31, 2018, 2019 and 2020, we achieved gross margin of 22.8%, 20.0% and 19.1%, respectively, with net profit margin of 8.4%, 9.5% and 9.9%, respectively.

We derive our revenue principally from the sales of properties we developed, including residential, commercial and mixed-use properties. We also retain a portion of our properties as investment properties to generate rental income and enjoy the benefit of any appreciation in property value. In addition, we also generate a portion of our revenue from commercial property management service to the commercial properties we developed. Our business operations have experienced significant growth in recent years. For the years ended December 31, 2018, 2019 and 2020, our revenue amounted to RMB26,453.1 million, RMB32,557.7 million and RMB36,126.1 million (US\$5,536.6 million), respectively. During the same periods, the profit for the periods was RMB2,232.5 million, RMB3,094.0 million and RMB3,558.9 million (US\$454.4 million), respectively.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

Economic Conditions and Regulatory Environment in the PRC

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

In addition, our business and operating results have been, and will continue to be, significantly affected by governmental policies and regulations in the PRC, in particular those relating to property market. In the past few years, the PRC government implemented a series of measures to control the overheated property market, which aim to discourage speculative investments and increase the supply of affordable residential properties. From time to time, the central and local governments adjust or introduce policies and regulations relating to land grants, pre-sales of properties, bank financing and taxation, planning and zoning, building design and construction, which have significantly impacted the availability and cost of financing for real estate developers, including us. In addition, restrictive regulations may also affect the availability and cost of financing for potential property purchasers, such as higher minimum down payment requirements, higher mortgage rates provided by commercial banks, restrictions on the number of properties local residents may purchase and increasing taxes on title transfer and property ownership. More recently, the property market in the PRC has witnessed signs of a slowdown and the PRC government has eased certain restrictive measures to foster the growth of the property market in China, encourage transactions and reduce idle housing inventory. We are currently focused on developing properties that target customers who purchase to upgrade their home, which represent property development activities that are encouraged under the current regulatory environment in the PRC. As a result, we believe we are less susceptible to the restrictive measures and will continue to benefit from the continued economic growth and urbanization, as well as the government policies to foster the continued growth of the property market in the PRC.

Furthermore, our continuing growth depends, to a significant extent, on our ability to expand into other regions and cities. We intend to further expand into cities in the four major regions we currently operate and may enter into additional economic areas in the PRC in the future. We may not have the same level of familiarity with local regulatory environment, local economic conditions, local contractors, business practices, customs and customer tastes, behavior and preference. If we cannot successfully leverage our experience or understand the property market in any other cities which we target for expansion, our business, results of operations and financial position will be adversely affected.

Availability and Cost of Land in Strategically Selected Locations

Land acquisition costs are one of the major components of our cost of sales for property development. Our continued business growth is highly dependent on our ability to secure and acquire quality land parcels at reasonable prices that can yield favorable returns. In 2018, 2019 and 2020, we primarily acquire land for our projects through the listing-for-sale process organized by the relevant government authorities, auctions and public tenders. We also acquire land by cooperating with third-party business partners through joint ventures. In addition, we occasionally acquire land from third parties by acquiring equity interests in companies that possess land use rights. As the PRC economy continues to grow and demand for commodity properties remains relatively strong, we expect competition among property developers to intensify, especially in the first-and second-tier cities where most of our properties are located in. In addition, PRC governmental land supply policies and implementation measures are likely to further intensify competition, consequently, increase the land acquisition costs. In order to participate in the public tender, auction and listing-for-sale processes, we are required to pay a deposit upfront, which typically represents a significant portion of the actual cost of the relevant land and we are required to settle the land premium within one year after signing the land grant contract in accordance with relevant regulation, which have accelerated the timing of our payment for land acquisition costs and have had

a significant impact on our cash flows. It is generally expected that land premiums will continue to rise in the PRC as the economy continues to grow, which may materially and adversely affect our business and operating results.

Timing of Property Development, Pre-sale and Delivery

The number of property projects that a developer can undertake during any particular period is limited due to substantial capital requirements for land acquisitions and construction costs as well as land supply. The development of a property project may take several months to even years before the commencement of pre-sale, depending on the size and complexity of the project, and no revenue with respect to such project is recognized until it is completed and delivered to the customers. Therefore, our cash flows and results of operation vary from period to period, subject to the selling prices and the GFA pre-sold/sold and delivered in the relevant periods. In addition, delays in construction, regulatory approval and other processes may also adversely affect the timetable of our projects. Timing of pre-sale is subject to not only our internal schedules but also relevant PRC laws and regulations. The relevant pre-sale requirements vary from city to city and pre-sale proceeds of a project are required to be used to finance its development. As a result of the time differences between cost incurred, cash received from pre-sales and revenue recognition, our results of operation have fluctuated in the past and are likely to continue to fluctuate in the future.

Revenue and Product Mix

We derive our revenue principally from the sale of properties that we developed, including residential, commercial and mixed-use properties. We also retain a portion of our properties as investment properties to generate rental income. Moreover, we generate a small portion of our revenue from property management service to the commercial properties we developed. As a result, our results of operations, including particularly our gross margins, and the sources and amount of cash from operations, have varied and may continue to vary significantly from period to period depending on the mix of our revenues from sale of properties and the provision of property leasing and commercial property management services. We proactively and closely plan and manage the relative growth of our sales of properties, property leasing and commercial property management operations in order to achieve and maintain a desirable revenue mix from these businesses.

With respect to the revenue we generated from sale of properties, we price our properties by taking into account various factors, including prevailing local market prices, supply and demand conditions, the type and positioning of properties being developed. The price of properties in different cities can have significant difference, so are the related construction and land use rights costs. Therefore, our results of operations and cash flows may vary from period to period depending on the types, total GFA and the location of properties delivered and the average selling prices of these properties sold.

Construction Materials and Labor Cost

Construction costs constitute a substantial portion of our cost of sales, of which, construction materials and labor cost are the two major components. Construction costs fluctuate as a result of changes in the price of certain key construction materials, such as steel and cement. Costs for construction materials and construction labor are generally included in the contractor fees agreed between us and our general contractors. However, for certain major construction materials such as steel and cement, where the prices may fluctuate significantly, we and our contractors usually specify the price range within which the total construction contract price will remain fixed. If the price fluctuate outside such initial specified price range, we will be solely responsible for the price increase beyond the agreed scope. If we are unable to successfully pass on such increase in construction costs to our customers, we cannot sell our properties at a price level sufficient to cover all the increased costs, we will not be able to achieve our target margin and our profitability will be adversely impacted as well.

Availability and Cost of Financing

Financing is an important source of funding for property development. From 2018 to 2020, we financed our operations primarily through internally generated cash flow including proceeds from the pre-sale of our properties, provision of property leasing and management services, as well as external financings, such as borrowings from commercial banks, trust and other financing arrangements, and the issuance of corporate bond and senior notes. The monetary regulations imposed by the PRC government from time to time may affect our

access to capital and cost of financing. We are also highly susceptible to any regulations or measures adopted by the PBOC that restrict bank lending, especially those that restrict the ability of real estate developers to obtain bank financing. As commercial banks in the PRC link the interest rates on their loans to benchmark lending rates published by the PBOC, we expect that any increase in the benchmark lending rates will increase our borrowing costs. While trust financing providers, asset management companies and other financial institutions generally do not link their interest rates to the PBOC benchmark lending rates, they typically charge higher interest rates than those charged by commercial banks. The PRC government may implement more stringent measures to control risks in loan growth, which may include more stringent review procedures that trust financing providers, asset management companies and other financial institutions are required to adopt when considering applications for trust financing and remedial actions that they are required to take in the event of any non-compliance with applicable laws and regulations. Any such further measures that the PRC government may implement could limit the amount that trust financing providers, asset management companies and other financial institutions can make available for the PRC property development industry as a whole and to us. As such, any increase in interest rates offered to us and the general credit availability may significantly impact our real estate development business.

As of December 31, 2018, 2019 and 2020, our total outstanding bank and other borrowings amounted to RMB38,170.6 million, RMB36,317.1 million and RMB41,761.3 million (US\$6,400.2 million), respectively. The weighted average effective interest rates on our total borrowings as of December 31, 2018, 2019 and 2020 were 7.8%, 7.5% and 6.5%, respectively. We may from time to time in the future obtain further funding by accessing both the international and domestic capital markets, including but not limited to the issuance of new corporate bonds, asset-backed securities programs and debt offerings, to diversify our financing sources, secure sufficient working capital and to support our business expansion. In addition, a significant portion of our finance costs are capitalized at the time it is incurred to the extent such costs are directly attributable to the land acquisition and project construction. An increase in our finance costs will negatively affect our profitability and results of operations and the availability of financing will affect our ability to engage in our project development activities, which will adversely affect our results of operations.

LAT

Our property developments are subject to LAT with respect to the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign invested real estate developers in the PRC and is levied at progressive rates ranging from 30% to 60% of the appreciation of land value. We recorded LAT expenses of RMB1,047.9 million, RMB872.5 million and RMB1,009.5 million (US\$154.7 million) for the years ended December 31, 2018, 2019 and 2020, respectively. We have accrued all LAT payable on our property sales and transfers in compliance with the relevant LAT laws and regulations. However, the provision for LAT requires our management to use a significant amount of judgment and estimates and we cannot assure you that the relevant tax authorities will agree to the basis on which we have calculated our LAT liabilities for provision purposes, or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us. Under such circumstances, our results of operations and cash flows may be materially and adversely affected.

Fair Value of Our Investment Properties

Property values are affected by, among others, rental income, supply of and demand for comparable properties, the rate of economic growth, interest rates, inflation, political and economic developments, construction costs and the timing of development of properties. We state our investment properties at fair value on our combined statements of financial position as non-current assets as of each financial statements date based on the valuations prepared by independent property valuer and record changes in fair value of investment properties in our combined statements of comprehensive income. See “– Description of Certain Major Components of Our Combined Statement of Comprehensive Income – Fair Value Gains on Investment Properties.” Property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties may be higher or lower if the valuer uses a different set of bases and assumptions or if the valuation is conducted by another qualified independent professional valuer using the same or a different set of bases and assumptions.

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

The fair value of investment properties under construction is determined by using comparison method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the property assuming it was completed and, where appropriate, after deducting the following items (a) estimated construction cost and professional fees to be expensed to complete the properties that would be incurred by a market participant; and (b) estimated profit margin that a market participant would require to hold and develop the property to completion. The higher the estimation construction cost, the lower the fair value is for the investment properties under construction.

Gains or losses arising from changes in the fair value of our investment properties may have a substantial effect on our profits. As of December 31, 2018, 2019 and 2020, the fair value of our investment properties amounted to RMB8,461.9 million, RMB9,377.8 million and RMB10,615.2 million (US\$1,626.9 million), respectively. For the years ended December 31, 2018, 2019 and 2020, we recorded gains in fair value of investment properties of RMB144.6 million, RMB326.5 million and RMB324.0 million (US\$49.7 million), respectively. The fair value of each of our investment properties has fluctuated, and is likely to continue to fluctuate, in accordance with the prevailing property market conditions. Any decrease in the fair value of our investment properties will adversely affect our profitability. In addition, increases in the fair value of investment properties are unrealized and do not generate any cash inflow to us until such investment properties are disposed of at considerations similar to the valuations. We may therefore experience higher profitability through increases in the fair value of investment properties without a corresponding improvement to our liquidity position. We cannot assure you that levels of increases in the fair value of investment properties similar to those recognized in the past can be sustained in the future.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that we believe are most significant to the preparation of our combined financial statements. Some of our critical accounting policies involve subjective assumption and estimates, as well as complex judgments by our management relating to accounting items. Our significant accounting policies are set forth in details in note 2.4 to the audited consolidated financial information as of and for the year ended December 31, 2020 included elsewhere in this offering memorandum.

The estimates and associated assumptions are based on our historical experience and various other relevant factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about matters that are not readily apparent from other sources. When reviewing our financial results, 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. The determination of these items requires management judgments based on information and financial data that may change in the future periods, and as a result, actual results could differ from those estimates.

Revenue Recognition

In 2018, 2019 and 2020, for properties that have no alternative use to us due to contractual reasons and when we have an enforceable right to payment from the customers for performance completed to date, we recognize revenue as the performance obligation is satisfied over time according to the input method for measuring progress. For sales of properties contracts for which the control of property is transferred at a point in time, revenue is recognized when the purchaser obtained the physical possession or the legal title of the completed property and we have the present right to payment and the collection of the consideration is probable.

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

Property management fee income derived from the provision of property maintenance and management services is recognized when the relevant services are rendered.

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

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

Properties under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realizable value. Properties under development are classified as current assets unless those will not be realized in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed Properties Held for Sale

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

Investment Properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions as of December 31, 2018, 2019 and 2020.

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

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

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. Our financial liabilities include trade and bills payables, other payables, amounts due to shareholders, amounts due to related companies, interest-bearing bank and other borrowings, senior notes, corporate bond and receipts under a securitization arrangement.

Subsequent Measurement

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

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

Borrowing Costs

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

Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which we operate. Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

LAT

Under PRC laws and regulations, our subsidiaries in the PRC that are engaged in the property development business are subject to LAT as determined by the local authorities in the location in which each project is located. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the combined statements of comprehensive income as income tax expense.

Estimate of Fair Value of Investment Properties

Investment properties under construction carried at fair value, were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, we consider information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date. The principal assumptions for our estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs.

DESCRIPTION OF CERTAIN MAJOR COMPONENTS OF OUR COMBINED STATEMENT OF COMPREHENSIVE INCOME

Revenue

Our revenue consists of revenue derived from (i) sales of properties, (ii) property leasing, (iii) provision of property management services and (iv) management consulting services. The table below sets forth our revenue for each of the components described above and the percentage of total revenue represented for the periods indicated:

	For the Year Ended December 31,						
	2018		2019		2020		
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(US\$'000)	(%)
Sales of properties	26,179,344	99.0	32,184,576	98.9	35,601,372	5,456,149	98.6
Property leasing	104,812	0.4	134,298	0.4	118,916	18,225	0.3
Property management services	56,610	0.2	85,492	0.3	88,118	13,505	0.2
Management consulting services ⁽¹⁾	112,340	0.4	153,294	0.5	239,980	36,779	0.7
Sales of goods	—	—	—	—	77,703	11,909	0.2
Total	26,453,106	100.0	32,557,660	100.0	36,126,089	5,536,565	100

Note:

(1) Primarily includes revenue generated from provision of design consultation services to our joint ventures and associates and third parties.

Sale of Properties

Revenue from sale of properties has constituted, and is expected to continue to constitute, a substantial majority of our total revenue. Our operating results for any given period are dependent upon the GFA and the selling prices of the properties we delivered during such period and the market demand for those properties. Conditions of the property markets change from period to period and are affected by the economic, political and regulatory developments in the PRC in general as well as in the cities and regions in which we operate. Our GFA delivered fluctuated from period to period depending on the size of the projects and the stage of their development. The recognized ASP of properties sold also fluctuated from period to period depending on the selling prices for properties in cities and regions where we developed and sold property projects. The table below sets forth the total revenue recognized from sale of properties, the aggregate GFA delivered, the recognized ASP per sq.m. for the periods and regions indicated:

	For the Year Ended December 31,								
	2018			2019			2020		
	GFA Delivered	Revenue	Recognized ASP	GFA Delivered	Revenue	Recognized ASP	GFA Delivered	Revenue	Recognized ASP
	(sq.m.)	(RMB'000)	(RMB/sq.m.)	(sq.m.)	(RMB'000)	(RMB/sq.m.)	(sq.m.)	(RMB'000)	(RMB/sq.m.)
Western Taiwan Straits Economic Zone...	478,171	4,426,047	9,256	974,532	11,612,940	11,916	1,561,596	17,152,971	10,984
Yangtze River Delta Economic Region ...	854,608	20,541,020	24,036	734,282	13,002,205	17,707	935,718	13,990,535	14,952
Bohai Economic Rim	4,019	94,051	23,400	253,758	5,303,964	20,902	1,908	32,670	17,119
Central China Region	161,372	1,093,383	6,776	178,127	2,265,467	12,718	317,363	3,394,473	10,696
Western China Region	2,481	24,843	10,014	—	—	—	78,911	1,030,722	13,062
Total	1,500,651	26,179,344	17,445	2,140,699	32,184,576	15,035	2,895,496	35,601,372	12,295

Consistent with industry practice, we typically enter into purchase contracts with customers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. In general, there is a time difference, typically from several months to one year, between the time we commence the pre-selling properties under development and the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and the possession of such properties has been delivered to the customers. Proceeds from customers of pre-sold properties are recorded as “advances from customers” before relevant sales revenue is recognized. Since the revenue from sale of properties are only recognized upon the delivery of properties, the timing of such delivery may affect not only the amount and growth rate of our revenue from sale of properties but also may cause other payables and accruals to fluctuate from period to period.

Rental Income

Rental income mainly includes recurring revenue from leasing of our investment properties and is recognized on a time proportion basis over the relevant lease terms. As of December 31, 2020, seven mixed-use complexes that we developed were in operation and open to the public, in which we retained certain commercial spaces in the relevant shopping malls as investment properties to generate rental income.

Property Management Income

Our property management income represents revenue generated from commercial property management services that we provide to certain commercial properties we developed through our commercial property management subsidiaries. Property management revenue is recognized over the period when our commercial property management services are rendered.

Others

We also generate a very small portion of our revenue from the sales of goods and the provision of design consultation services to our joint ventures and associates and third parties. Revenue from the sales of goods is one-off in nature.

Cost of Sales

Our cost of sales primarily represents the costs we incur directly for the property development activities as well as our commercial property management and leasing operations. The principal components of cost of sales for our property development include cost of properties sold, which represents direct construction costs, land use right costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

- *Construction costs.* Construction costs include all the costs for the design and construction of a project, including costs of construction materials and labor costs. Our construction costs are affected by a number of factors, including the type and geographic condition of the properties being constructed or the type and amount of construction materials being used, which may vary from city to city. Historically, construction material costs and labor costs, which are generally included in the payments to the construction contractors, particularly the cost of steel and cement, has been a primary contributing factor in terms of fluctuations in our construction costs.
- *Land use right costs.* Land use right costs include costs relating to acquisition of the rights to occupy, use and develop land and primarily land premiums incurred in connection with a land grant from the government. These costs for a project are affected by a number of factors, such as the location of the underlying property, regional property market condition, the timing of the land acquisition, the project’s plot ratios, the method of acquisition and changes in PRC regulations. Although we have not in the past required to do so, we may be required to pay demolition and resettlement costs, subject to the condition of the land parcel that is acquired.

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

Our cost of sales in 2018, 2019 and 2020 were RMB20,431.8 million, RMB26,059.8 million and RMB29,222.2 million (US\$4,478.5 million), respectively.

Other Income and Gains and Finance Income

Our other income and gains and finance income primarily consist of interest income, commercial compensation and others. Interest income primarily consists of interest income on bank deposits. Commercial compensation primarily represents forfeited deposits received from certain potential customers who did not subsequently entered into sales contracts with us and penalties received from certain customers due to their breach of sales or pre-sales contracts with us.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising, marketing and business development expenses, sales and marketing staff cost, office expenses, fees paid to our third-party sales agents, rental and other expenses relating to sales of our properties and property leasing services. Advertising, marketing and business development expenses primarily include costs incurred in connection with advertisement in newspaper and magazines, promotional offers made directly to our customers and certain other promotional events.

Administrative Expenses

Administrative expenses primarily consist of management and administrative staff costs, entertainment expenses, office and meeting expenses, stamped duties and other taxes, rental costs, depreciation of property, plant and equipment, professional fees, traveling expenses, bank charges, listing expenses and other general office expenses and miscellaneous expenses.

Fair Value Gains On Investment Properties

We develop and hold certain commercial areas in our properties on a long-term basis for rental income or capital appreciation. Our investment properties are recorded as non-current assets in our combined statements of financial position at fair value as of each balance sheet date as determined by independent valuations. Gains or losses arising from changes in the fair value of our investment properties are accounted for as gains or losses in our combined statements of comprehensive income, which may have a substantial effect on our profits. The valuation of property involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties may have been higher or lower if a different set of bases or assumptions is used. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as of the relevant balance sheet dates and do not generate any cash inflow for our operations. The amounts of fair value adjustments have been, and may continue to change based on property market conditions in China. Our investment properties are appraised annually by our independent property valuer. The fair value gains on investment properties for the years ended December 31, 2018, 2019 and 2020 were RMB144.6 million, RMB326.5 million and RMB324.0 million (US\$49.7 million), respectively.

Finance Cost

Finance costs primarily consist of interest expenses for bank and other borrowings net of capitalized interest relating to properties under development.

Income Tax Expenses

Income tax expenses represent corporate income tax and LAT payable by our subsidiaries in the PRC. We calculate our effective corporate income tax rate (deducting the tax effect from LAT) by using the quotient of (a) the result of PRC corporate income tax plus deferred income tax, divided by (b) the result of profit before income tax minus LAT. For the years ended December 31, 2018, 2019 and 2020, our effective corporate income tax rate was 27.5%, 25.6% and 26.1%, respectively. Fluctuations in our effective income tax rate (deducting the tax effect from LAT) from period to period were primarily due to recognition on deferred tax assets for deductible temporary difference and unused tax losses.

	For the Year Ended December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000) (Unaudited)
Current tax				
PRC corporate income tax	1,279,020	1,330,378	1,816,771	278,432
PRC LAT	1,047,904	872,547	1,009,475	154,709
Deferred tax	(431,982)	265,278	(558,275)	(85,559)
Total tax charge for the year/period	<u>1,894,942</u>	<u>1,937,647</u>	<u>2,267,971</u>	<u>347,582</u>

RESULTS OF OPERATIONS

2020 compared to 2019

Revenue

Our revenue increased by 11.0% from RMB32,557.7 million in 2019 to RMB36,126.1 million (US\$5,536.6 million) in 2020. This increase was primarily due to (i) sales of properties increased by approximately 10.6% to RMB35,601.4 million compared to 2019, (ii) management consulting services increased by approximately 56.5% to RMB240.0 million compared to 2019, (iii) property leasing decreased by approximately 11.5% to RMB118.9 million compared to 2019, (iv) property management services increased by approximately 3.1% to RMB88.1 million compared to 2019, and (v) sales of goods was RMB77.7 million in 2020.

Cost of Sales

Our cost of sales increased by 12.1% from RMB26,059.8 million in 2019 to RMB29,222.2 million (US\$4,478.5 million) in 2020, primarily due to the increase in the number of properties completed and delivered by the Group during 2020.

Gross Profit

As a result of the foregoing, our gross profit increased by 6.2% from RMB6,497.9 million in 2019 to RMB6,903.9 million (US\$1,058.1 million) in 2020.

Other Income and Gains

Our other income and gains increased by 106.3% from RMB471.1 million in 2019 to RMB971.8 million (US\$148.9 million) in 2020, primarily due to an increase in interest income on bank deposits mainly as a result of the increase in the total amount of bank deposits in 2020.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 19.3% from RMB972.3 million in 2019 to RMB1,159.7 million (US\$177.7 million) in 2020, primarily due to (i) the strengthened selling and marketing efforts to promote newly-launched property projects in new cities and regions in which the Group operates as part of its business expansion; and (ii) the expansion of the Group's in-house sales and marketing team to support its business expansion in 2020.

Administrative Expenses

Our administrative expenses decreased by 6.3% from RMB1,214.5 million in 2019 to RMB1,138.3 million (US\$174.5 million) in 2020, primarily due to the cost reduction and efficiency improvement measures implemented by the Group and the decrease in travelling expenses and other miscellaneous expenses affected by COVID-19.

Other Expenses

Our other expenses increased by 63.2% from RMB98.9 million in 2019 to RMB161.5 million (US\$24.8 million) in 2020, primarily due to impairment losses recognized for properties under development.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties decreased by 0.8% from RMB326.5 million in 2019 to RMB324.0 million (US\$49.7 million) in 2020.

Finance Costs

Our finance costs increased by 4.3% from RMB484.1 million in 2019 to RMB504.8 million (US\$77.4 million) in 2020, primarily due to an increase in the scale of total interest-bearing borrowings in 2020.

Share of Profits of Joint Ventures and Associated Companies

Our share of profits of joint ventures was RMB33.9 million (US\$5.2 million) in 2020, compared with the share of profits of RMB357.5 million in 2019, primarily due to the decrease in the number of properties delivered of joint ventures.

Our share of profits of associated companies was RMB545.3 million (US\$83.6 million) in 2020, compared with the share of profits of RMB163.4 million in 2019, primarily due to the increase in the number of properties delivered of associated companies.

Income Tax Expenses

Our income tax expenses increased by 17.0% from RMB1,937.6 million in 2019 to RMB2,268.0 million (US\$347.6 million), primarily due to an increase in our profit before tax.

Profit for the Year

As a result of the foregoing, our profit increased by 15.0% from RMB3,094.0 million in 2019 to RMB3,558.9 million (US\$545.4 million) in 2020.

2019 Compared to 2018

Revenue

Our revenue increased by 23.1% from RMB26,453.1 million in 2018 to RMB32,557.7 million in 2019. This increase was primarily due to (i) an increase in the sales of properties from RMB26,179.3 million in 2018 to RMB32,184.6 million in 2019, (ii) an increase in property leasing from RMB104.8 million in 2018 to RMB134.3 million in 2019, (iii) an increase in management service income from RMB112.3 million in 2018 to RMB153.3 million in 2019, and (iv) an increase in property management income from RMB56.6 million in 2018 to RMB85.5 million in 2019.

Cost of Sales

Our cost of sales increased by 27.5% from RMB20,431.8 million in 2018 to RMB26,059.8 million in 2019, primarily due to the increase in the number of properties completed and delivered by us in 2019.

Gross Profit

As a result of the foregoing, our gross profit increased by 7.9% from RMB6,021.3 million in 2018 to RMB6,497.9 million in 2019.

Other Income and Gains

Our other income and gains increased by 44.0% from RMB327.1 million in 2018 to RMB471.1 million in 2019, primarily due to an increase in interest income on bank deposits mainly as a result of the increase in the total amount of bank deposits in 2019.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 10.9% from RMB876.6 million in 2018 to RMB972.3 million in 2019, primarily due to (i) the strengthened selling and marketing efforts to promote newly-launched property projects in new cities and regions where we operate as part of our business expansion; and (ii) the expansion of our in-house sales and marketing team to support our business expansion.

Administrative Expenses

Our administrative expenses increased by 23.8% from RMB980.9 million in 2018 to RMB1,214.5 million in 2019, primarily due to the increase in our management and administrative headcount, travelling expenses and other miscellaneous expenses, resulting from the continuous increase in the number of property projects under development and planned for future development in line with our business expansion.

Other Expenses

Our other expenses increased by 120.3% from RMB44.9 million in 2018 to RMB98.9 million in 2019, primarily due to an increase in foreign exchange losses.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties increased by 125.9% from RMB144.6 million in 2018 to RMB326.5 million in 2019, primarily due to increased rental income and hence higher valuation.

Finance Costs

Our finance costs increased by 26.9% from RMB381.5 million in 2018 to RMB484.1 million in 2019, primarily due to an increase in the total interest-bearing borrowings in 2019.

Share of Profits of Joint Ventures and Associated Companies

Our share of profits of joint ventures was RMB357.5 million in 2019, compared to share of losses of RMB59.5 million in 2018, primarily due to the increase in the number of properties delivered by joint ventures in 2019.

Our share of profits of associated companies was RMB163.4 million in 2019, compared to share of losses of RMB98.5 million in 2018, primarily due to the increase in the number of properties delivered by associated companies.

Profit before Tax

As a result of the foregoing, our profit before tax increased by 21.9% from RMB4,127.5 million in 2018 to RMB5,031.6 million in 2019.

Income Tax Expense

Our income tax expense increased by 2.3% from RMB1,894.9 million in 2018 to RMB1,937.6 million in 2019, primarily due to an increase in our profit before tax.

Profit for the Year

As a result of the foregoing, our profit increased by 38.6% from RMB2,232.5 million in 2018 to RMB3,094.0 million in 2019.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table sets forth our cash flows for the periods indicated:

	For the Year Ended December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(Unaudited)
Net cash flows (used in)/from				
operating activities.....	(2,663,938)	(14,063,640)	(3,017,541)	(462,458)
Net cash flows (used in)/from				
investing activities.....	(3,520,720)	(2,210,817)	(1,838,876)	(281,820)
Net cash flows from/(used in)				
financing activities.....	14,101,963	21,973,130	12,430,342	1,905,033
Cash and cash equivalents at the end of				
the year.....	22,538,953	28,368,571	35,477,942	5,437,232

Net Cash Flows (Used in)/from Operating Activities

Our cash generated from operating activities principally comprises of proceeds we receive from the sales of our properties, including pre-sales of properties under development, as well as rental income from our property leasing business and property management income from our commercial property management business. Our cash used in operating activities is principally from the payment for our property development activities, including land acquisitions.

For the year ended December 31, 2020, our net cash used in operating activities was RMB3,017.5 million (US\$462.5 million), which was the result of interest paid of RMB4,749.2 million (US\$727.8 million), tax paid of RMB1,704.2 million (US\$261.2 million), offset by cash generated from operations of RMB2,857.2 million (US\$437.9 million) and interest received of RMB578.7 million (US\$88.7 million). Net cash generated from operations primarily comprised of (i) increase in contract liabilities of RMB10,215.3 million (US\$1,565.6 million) and (ii) increase other payables and accruals of RMB9,909.2 million (US\$1,518.7 million), partially offset by increase in properties under development and completed properties held for sale of RMB20,568.0 million (US\$3,152.2 million).

For the year ended December 31, 2019, our net cash used in operating activities was RMB14,063.6 million, which was the result of cash used in operations of RMB8,781.1 million, interest paid of RMB3,969.6 million, offset by interest received of RMB373.3 million. Net cash used in operations primarily comprised of (i) increase in properties under development and completed properties held for sale of RMB23,177.5 million and (ii) decrease in contract liabilities of RMB5,758.6 million, partially offset by (i) increase in trade and bills payables of RMB8,984.2 million and (ii) increase in other payables and accruals of RMB5,999.9 million.

For the year ended December 31, 2018, our net cash used in operating activities was RMB2,663.9 million, which was the result of payment of interest of RMB3,498.1 million and payment of tax of RMB1,539.4 million, offset by cash generated from operations of RMB2,101.1 million and interest received of RMB272.4 million. Net cash generated from operations was primarily comprised of (i) increase in contract liabilities of RMB4,412.8 million, (ii) profit before tax of RMB4,127.5 million and (iii) increase in other payables and accruals of RMB3,431.5 million, partially offset by (i) increase in properties under development and completed properties held for sale of RMB10,863.0 million and (ii) increase in prepayments, other receivables and other assets of RMB2,916.8 million.

Net Cash Flows (Used in)/from Investing Activities

Our net cash used in our investing activities is primarily related to cash outflow in connection with our investment properties, acquisition of available-for-sale investments and purchase of property, plant and equipment as well as intangible assets. Our net cash flows from our investing activities is primarily related to cash inflow in connection with disposal of available-for-sale investments.

For the year ended December 31, 2020, our net cash flows used in investing activities was RMB1,838.9 million (US\$281.8 million) primarily consisted of (i) investments in associates of RMB2,336.3 million (US\$358.1 million) and (ii) investments in joint ventures of RMB732.6 million (US\$112.3 million), partially offset by acquisitions of subsidiaries of RMB2,243.9 million (US\$343.9 million).

For the year ended December 31, 2019, our net cash flows used in investment activities was RMB2,210.8 million, primarily consisted of (i) investments in associates of RMB1,217.1 million, and (ii) acquisition of financial assets at fair value through profit or loss of RMB805.7 million, partially offset by disposal of financial assets at fair value through profit or loss of RMB888.1 million.

For the year ended December 31, 2018, our net cash flows used in investing activities was RMB3,520.7 million, primarily consisted of (i) investment in associates of RMB1,651.6 million, (ii) investments in joint ventures of RMB1,090.9 million and (iii) acquisition of financial assets at fair value through profit or loss of RMB748.5 million, partially offset by acquisition of subsidiaries of RMB367.3 million.

Net Cash Flows from/(used in) Financing Activities

Our cash generated from financing activities is primarily related to proceeds from interest-bearing bank and other borrowings and advances from shareholders. Our cash used in financing activities is primarily related to repayment of advances from shareholders and proceeds from interest-bearing bank and other borrowings.

For the year ended December 31, 2020, our net cash flows from financing activities was RMB12,430.3 million (US\$1,905.0 million), primarily consisted of (i) proceeds from interest-bearing bank loans and other borrowings of RMB31,016.7 million (US\$4,753.5 million) and (ii) repayment of advances to related companies of RMB16,578.1 million (US\$2,540.7 million), partially offset by repayment of interest-bearing bank loans and other borrowings of RMB22,386.4 million (US\$3,430.9 million).

For the year ended December 31, 2019, our net cash flows from financing activities was RMB21,973.1 million, primarily consisted of (i) repayment of advances to related companies of RMB39,454.9 million, (ii) proceeds from interest-bearing bank and other borrowings of RMB15,354.3 million and (iii) proceeds from issue of senior notes of RMB13,313.1 million, partially offset by advances to related companies of RMB36,427.9 million.

For the year ended December 31, 2018, our net cash flows from financing activities was RMB14,102.0 million, primarily consisted of (i) repayment of advances to related companies of RMB31,546.4 million, (ii) proceeds from interest-bearing bank and other borrowings of RMB22,005.0 million, (iii) capital contribution from non-controlling shareholders of the subsidiaries of RMB7,095.3 million and (iv) proceeds from issuance of senior notes of RMB4,767.2 million, partially offset by (i) advances to related companies of RMB38,384.0 million and (ii) repayment of interest-bearing bank and other borrowings of RMB24,104.6 million.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Indebtedness

The following table sets forth the principal amounts of our current and non-current bank and other borrowings senior notes and corporate bond as of the dates indicated:

	As of December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(Unaudited)
Current Borrowings:				
Bank loans – secured	80,000	312,740	219,615	33,657
Bank loans – unsecured	–	69,871	131,474	20,149
Other loans – secured ⁽¹⁾	5,292,063	490,000	–	–
Other loans – unsecured ⁽¹⁾	15,900	1,718,688	–	–
Add: Current portion of long-term				
Bank loans – secured	8,379,839	5,420,954	9,785,574	1,499,705
Bank loans – unsecured	832,643	454,782	570,990	87,508
Other loans – secured ⁽¹⁾	5,185,600	4,123,401	1,078,200	165,241
Other loans – unsecured ⁽¹⁾	1,843,165	1,943,700	1,105,719	169,459
Senior notes and corporate bond	2,209,986	5,506,307	6,656,983	1,020,227
Total Current Borrowings	23,839,196	20,040,443	19,548,555	2,995,947
Non-Current Borrowings:				
Bank loans – secured	11,655,746	16,551,576	23,862,894	3,657,149
Bank loans – unsecured	583,896	1,541,086	3,203,029	490,886
Other loans – secured ⁽¹⁾	4,066,849	3,211,344	1,207,800	185,103
Other loans – unsecured ⁽¹⁾	234,888	478,980	596,000	91,341
Senior notes and corporate bond	6,111,026	16,842,040	18,866,091	2,891,355
Total Non-Current Borrowings	22,652,405	38,625,026	47,735,814	7,315,834
Total	46,491,601	58,665,469	67,284,369	10,311,781

Note:

(1) These borrowings are mainly in the form of trust and other financing arrangements with trust financing providers, asset management companies and other financial institutions. See “Trust and Other Financing Arrangements.”

The following table sets forth the repayment terms of our borrowings:

	As of December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(Unaudited)
Repayable within one year	23,839,196	20,040,443	19,548,555	2,995,947
Repayable in the second year	15,344,380	19,554,347	22,230,132	3,406,917
Repayable within third to fifth years	6,775,551	18,207,193	24,453,188	3,747,615
Repayable in more than five years	532,474	863,486	1,052,494	161,302
Total	46,491,601	58,665,469	67,284,369	10,311,781

The weighted average effective interest rates on our total borrowings, which represent actual borrowing cost incurred during the period divided by weighted average borrowings that are outstanding in 2018, 2019 and 2020 were 7.8%, 7.5% and 6.5%, respectively. The decrease in average effective interest rates on our borrowing from 2018 to 2019 was primarily due to our effective measures to optimize our debt structure. The decrease in average effective interest rates on our borrowing from 2019 to 2020 was primarily due to the Group's effective measures to optimize its debt structure, as well as its stronger bargaining power to access capital at competitive costs as a result of its growing operation scale.

Subsequent to December 31, 2020, we have, from time to time, in the ordinary course of business, entered into additional bank borrowings to finance our property developments or for general corporate purposes. See "Description of Material Indebtedness and Other Obligations."

Bank and Other Borrowings

Our total outstanding bank and other borrowings amounted to RMB46,491.6 million, RMB58,665.5 million and RMB67,284.4 million (US\$10,311.8 million) as of December 31, 2018, 2019 and 2020, respectively.

We are subject to certain customary restrictive covenants under our credit facilities with commercial banks. For example, certain of our subsidiaries are prohibited from merger, restructuring, spin-off, material asset transfer, liquidation, change of control, reduction of registered capital, change of scope of business, declaration of dividends and incurring further indebtedness without the prior consent of the relevant banks. Certain of our banking facilities also contain cross default provisions. However, we do not expect that such covenants would materially restrict our Group's overall ability to undertake additional debt or equity financing necessary to carry out our current business plans.

Trust and Other Financing Arrangements

As with many other property developers in the PRC, we also enter into financing arrangements with trust companies, asset management companies and their financing vehicles, as well as other financial partners in the ordinary course of business to finance our property development and other related operations. Compared with bank borrowings, such financing arrangements usually offer greater flexibility in terms of availability, approval schedule and repayment requirements, which constitute an effective alternative source of funding for some of our project developments, particularly during the tightened banking credit environments. As of December 31, 2020, the total amount of trust and other financing outstanding accounted for 6% of our total borrowings as of the same date.

The terms and covenants of our trust financing vary, largely depending on whether there is any equity interest held by us or our Controlling Shareholders, as the case may be, that is (i) pledged or transferred to, or subscribed by, the financial institutions as security.

Corporate Bond

In addition to bank borrowings and trust and other financing arrangements, we have funded our expansion through the issuance of the 2019 Corporate Bonds. See "Description of Material Indebtedness and Other Obligations" for details.

Receipts under a securitization arrangement

On April 10, 2018, one of our subsidiaries issued receipts under a securitization arrangement with a principal amount of RMB2,300 million at 100% of par value with a term of fixed annual coupon rate of 7.3%. The receipts under a securitization arrangement will mature on April 10, 2021.

Private 2018 Notes

On May 11, 2018, we issued an aggregate principal amount of US\$160 million of Senior Notes (the "Private 2018 Notes") through private placement to certain investors at an interest rate of 8.50% per annum. The Private 2018 Notes mature on May 10, 2019. We completed repurchase and cancellation of the Private 2018 Notes in April 2019. No Private 2018 Notes are outstanding.

October 2018 Notes

On October 2, 2018 and October 25, 2018, we issued an aggregate principal amount of US\$280 million of the October 2018 Notes and an additional aggregate principal amount of US\$70 million of the October 2018 Notes. We completed the redemption of the October 2018 Notes in December 2020. No October 2018 Notes are outstanding.

February 2019 Notes

On February 20, 2019, we issued an aggregate principal amount of US\$230 million of the February 2019 Notes. The February 2019 Notes will mature on August 20, 2021.

March 2019 Notes

On March 8, 2019 and August 19, 2019, we issued an aggregate principal amount of US\$200 million and US\$110 million of the March 2019 Notes. The March 2019 Notes will mature on March 8, 2022. No March 2019 Notes are outstanding.

April 2019 Notes

On April 3, 2019, we issued an aggregate principal amount of US\$420 million of the April 2019 Notes. The April 2019 Notes will mature on January 21, 2023.

June 2019 Securities

On June 19, 2019, we issued an aggregate principal amount of US\$200 million of the June 2019 Securities.

October 2019 Notes

On October 3, 2019, we issued an aggregate principal amount of US\$300 million of the October 2019 Notes. The October 2019 Notes will mature on August 3, 2022.

November 2019 Notes

On November 6, 2019, we issued an aggregate principal amount of US\$300 million of the November 2019 Notes. The November 2019 Notes will mature on May 6, 2023.

November 2019 RMB Notes

On November 18, 2019, we issued an aggregate principal amount of RMB700 million of the November 2019 RMB Notes. No November 2019 RMB Notes are outstanding.

January 2020 Notes

On January 14, 2020, we issued an aggregate principal amount of US\$290 million of the January 2020 Notes. The January 2020 Notes will mature on April 14, 2024.

March 2020 Notes

On March 2, 2020, we issued an aggregate principal amount of US\$200.0 million of the March 2020 Notes. No March 2020 Notes are outstanding.

May 2020 Notes

On May 21, 2020, we issued an aggregate principal amount of US\$200.0 million of the May 2020 Notes. The May 2020 Notes will mature on March 10, 2024.

June 2020 Notes

On June 15, 2020, we issued an aggregate principal amount of US\$200 million of the June 2020 Notes. The June 2020 Notes will mature on September 15, 2023.

August 2020 RMB Notes

On August 14, 2020, we issued an aggregate principal amount of RMB1,000.0 million of the August 2020 RMB Notes. The August 2020 RMB Notes will mature on August 12, 2021.

September 2020 Notes

On September 11, 2020, we issued an aggregate principal amount of US\$350 million of the September 2020 Notes. The September 2020 Notes will mature on February 5, 2025.

November 2020 Notes

On November 20, 2020, we issued an aggregate principal amount of US\$200 million of the November 2020 Notes. The November 2020 Notes will mature on November 18, 2021.

January 2021 Notes

On January 7, 2021, we issued an aggregate principal amount of US\$400 million of the January 2021 Notes. The January 2021 Notes will mature on January 7, 2026.

February 2021 Notes

On February 4, 2021, we issued an aggregate principal amount of US\$300 million of the February 2021 Notes. The February 2021 Notes will mature on August 4, 2026.

April 2021 Notes

On April 15, 2021, we issued an aggregate principal amount of US\$220 million of the April 2021 Notes. The April 2021 Notes will mature on April 13, 2022.

Contingent Liabilities

Our contingent liabilities include mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customer. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, we are typically required to repurchase the underlying property by paying off the mortgage loan. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As of December 31, 2020, the outstanding guarantee amounts provided by us amounted to RMB32,161.3 million (US\$4,928.9 million).

We are also involved in lawsuits and other proceedings in the ordinary course of business. We believe that no liabilities resulting from these proceedings will have a material and adverse effect on our business, financial condition or operating results. See “Business – Legal Proceedings and Material Claims” for more details.

Commitments

We intend to fund our expenditure commitments by using our cash flow generated from pre-sales/sales, bank and other financings, issuance of corporate bond and the net proceeds received from the initial global offering of our shares.

We had the following commitments that are contracted but not provided in respect of property development expenditures as of the dates indicated:

	As of December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(Unaudited)
Contracted but not provided for				
– Acquisition of land use rights	–	1,764,460	3,197,699	490,069
– Properties under development	13,228,125	21,117,337	24,204,215	3,709,458
– Capital contributions payable to Joint venture and associates	167,928	1,018,462	1,314,220	201,413
	<u>13,396,053</u>	<u>23,900,259</u>	<u>28,716,134</u>	<u>4,400,940</u>

MARKET RISKS

We are, in the ordinary course of our business, exposed to various market risks, including interest rate risk, credit risk and liquidity risk. Our capital risk management strategy aims to safeguard our ability to continue as a going concern in order to provide returns for our shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates. Our exposure to changes interest rates is mainly attributable to our borrowings from bank and other borrowings. Borrowings at floating rates expose us to cash flow interest rate risk, while borrowings at fixed rates expose us to fair value interest rate risk. We have not hedged our cash flow or fair value interest rate risk.

Credit Risk

We have no significant concentrations of credit risk in view of our large number of customers. We did not record any significant bad debts losses in 2018, 2019 and 2020. The credit risk of our other financial assets, which mainly comprise restricted cash and pledged deposits, other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity Risk

We aim to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities and corporate bonds to meet our operation needs and commitments in respect of property projects. Our objective is to maintain a balance between continually of funding and flexibility through the use of interest-bearing bank and other borrowings. We review our liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, pre-sales/sales results, maturity of our borrowings and the progress of the planned property development projects in order to monitor our liquidity requirements in the short and long terms. We have established an appropriate liquidity risk management framework for our liquidity management requirements to ensure that we maintain sufficient reserves of, and adequate committed lines of funding from, financial institutions to meet our liquidity requirements in the short and long term.

NON-GAAP FINANCIAL MEASURES

We use EBITDA and EBITDA margin to provide additional information about our operating performance. EBITDA refers to our profit before income tax plus finance income/(costs) – net, depreciation of property, plant and equipment and amortization of intangible assets. EBITDA margin is calculated by dividing EBITDA by revenue.

EBITDA is not a standard measure under IFRS. As the property development business is capital intensive, capital expenditure requirements 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 the investor community commonly uses this type of financial measure to assess the operating performance of companies in our market sector.

As a measure of our operating performance, we believe that the most directly comparable IFRS measure to EBITDA is operating profit. We operate in a capital intensive industry. We use EBITDA in addition to operating profit because operating profit includes many accounting items associated with capital expenditures, such as depreciation of property, plant and equipment and investment property, as well as non-operating items, such as amortization of intangible assets. These accounting items may vary between companies depending on the method of accounting adopted by a company. By minimizing differences in capital expenditures and the associated depreciation expenses as well as land use rights amortization, EBITDA provides further information about our operating performance and an additional measure for comparing our operating performance with other companies' results. 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 before income tax under IFRS to our definition of EBITDA for the periods indicated:

	For the Year Ended December 31,			
	2018	2019	2020	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
				(Unaudited)
Profit before income tax	4,127,479	5,031,631	5,826,905	893,012
Adjustments:				
Finance income/(costs) – net.....	(381,482)	(484,091)	(504,796)	(77,363)
Depreciation of property, plant and equipment	29,235	57,679	57,309	8,783
Depreciation of other right-of-use assets	–	44,224	47,865	7,336
Amortization of intangible assets	4,437	4,906	3,023	463
EBITDA	<u>4,542,633</u>	<u>5,622,531</u>	<u>6,439,898</u>	<u>986,958</u>

You should not consider our definition of EBITDA in isolation or construe it as an alternative to operating profit or as an indicator of operating performance or any other standard measure under IFRS. Our definition of EBITDA does not account for taxes and other non-operating cash expenses. Our EBITDA measure may not be comparable to similarly titled measures used by other companies. You should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in indentures governing the Existing Notes.

INDUSTRY OVERVIEW

The information in the section below has been derived, in part, from official government sources unless otherwise indicated. This information has not been independently verified by us or the Initial Purchasers or any of our or their affiliates or advisors. The information may not be consistent with other information compiled within or outside the PRC.

OVERVIEW OF THE PRC ECONOMY

Overview

China has experienced significant economic growth over the last decade with real GDP annual growth rate of approximately 10% during 2007 and 2011 which has accelerated fixed assets investment during the same periods. In recent years, the PRC economic development has transitioned from one that focused on scale and speed of its growth to one that focuses on the quality and efficiency of the development. Since 2012, the real GDP growth of the PRC has started to moderate and the real GDP growth rate decreased slightly from 7.4% in 2014 to 7.0% in 2015 and further to 6.8% in 2016 and increased slightly to 6.9% in 2017. In 2018 and 2019, the real GDP growth further decreased to 6.7% and 6.9% respectively. Urbanization in the PRC has been accelerating and expanding in the past decade as evidenced by rapidly increasing urban population and urbanization rate, serving as a strong driver for domestic economic growth, particularly, for the real estate industry. The urban population reached 813 million in 2017 from 691 million in 2011, representing a CAGR of approximately 2.7%. In particular, in 2011, total urban population exceeded total rural population for the first time. The robust growth of the PRC economy and the acceleration of urbanization process have contributed to the continuous increase in the per capita disposable income of urban households, which increased from RMB21,810 in 2011 to RMB43,834 in 2020, representing a CAGR of approximately 8.1%.

The following table sets forth selected economic statistics for the PRC for the periods indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Nominal GDP (RMB billion)	48,794	53,858	59,296	64,356	68,886	74,640	83,204	91,928	99,087	101,599	8.5%
Real GDP growth rate (%)	9.6	7.9	7.8	7.4	7.0	6.8	6.9	6.7	6.1	2.3	N/A
Fixed asset investment (RMB billion)	31,149	37,469	44,629	51,202	56,200	60,647	64,124	64,568	56,087	52,727	6.0%
Population (million)	1,347	1,354	1,361	1,368	1,375	1,383	1,390	1,395	1,400	–	–
Urban population (million)	691	712	731	749	771	793	813	831	848	–	–
Urbanization rate (%)	51.3	52.6	53.7	54.8	56.1	57.4	58.5	59.6	60.6	–	N/A
Per capita disposable income of urban households (RMB)	21,810	24,565	26,467	28,844	31,195	33,616	36,396	39,251	42,359	43,834	8.1%

Source: National Bureau of Statistics

THE PRC REAL ESTATE MARKET

Overview

In line with the growth of the PRC economy and the accelerated fixed assets investment, real estate investment in the PRC has increased rapidly. In addition, the urbanization process and rising living standard encouraged the need of local residential and commercial property demand. The PRC government also plays an active role in shaping China's economic environment. Despite the macro-control policy changes from 2010 to 2014 with the aim of regulating overheated speculative real property investment, total investment in the PRC property market increased from approximately RMB6,180 billion in 2011 to RMB14,144 billion in 2020, representing a CAGR of approximately 9.6%.

The following table sets forth the relevant data relating to the property market in the PRC for the periods indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Total real estate investment (RMB billion)	6,180	7,180	8,601	9,504	9,598	10,258	10,980	12,026	13,219	14,144	9.6%
Residential properties											
Investment in residential properties (RMB billion)	4,432	4,937	5,895	6,435	6,460	6,870	7,515	8,519	9,707	10,445	10.0%
GFA of residential properties sold (million sq.m.)	965	985	1,157	1,052	1,124	1,375	1,448	1,479	1,501	1,549	5.4%
GFA of residential properties completed (million sq.m.)	743	790	787	809	738	772	718	660	680	659	-1.3%
ASP of residential properties (RMB/per sq.m.)	4,993	5,430	5,850	5,933	6,473	7,203	7,614	8,544	9,287	9,980	8.0%
Commercial properties											
Office											
Investment in office properties (RMB billion)	256	337	465	564	621	653	676	600	616	649	10.9%
GFA of office properties sold (million sq.m.)	20	23	29	25	29	38	48	44	37	33	5.8%
GFA of office properties completed (million sq.m.)	23	23	28	31	34	36	40	39	39	30	3.2%
ASP of office properties (RMB/per sq.m.)	12,327	12,306	12,997	11,826	12,914	14,332	13,543	14,385	14,314	15,138	2.3%
Retail											
Investment in office properties (RMB billion)	742	931	1,195	1,435	1,461	1,584	1,564	1,418	1,323	1,308	6.5%
GFA of office properties sold (million sq.m.)	79	78	85	91	93	108	128	120	101.73	92.88	1.8%
GFA of office properties completed (million sq.m.)	95	102	109	121	120	125	127	113	108.14	86.21	-1.1%
ASP of office properties (RMB/per sq.m.)	8,488	9,021	9,777	9,817	9,566	9,786	10,323	11,150	10,952	10,647	2.6%

Source: National Bureau of Statistics, CREIS China Index Database

In particular, increased disposable income, along with other factors including change of population structure and changes in birth control regulations and policies, raised the demand of mid-to high-end residential properties for home upgrade needs. We believe mid- to high-end residential properties typically refer to properties targeting purchasers of housing units with a GFA ranging from 90 sq.m. to 200 sq.m. to satisfy their first time and subsequent home-upgrade demand. According to China Index Academy, from 2012 to 2016, the percentage of housing units sold with a GFA of less than 90 sq.m. in 30 selected major cities in China had experienced a decrease from 28.0% in 2012 to 26.1% in 2016, while the percentage of housing units sold with a GFA ranging from 90 sq.m. to 200 sq.m. had increased correspondingly from 51.6% to 56.3% to accommodate the growing home upgrade needs in the PRC real estate market. We expect that the percentage of housing units sold with a GFA ranging from 90 sq.m. to 200 sq.m. to experience a continuous growth across China in the future. In particular, according to China Index Academy, average residential gross floor area per capita in China is expected to increase to 38 sq.m. in 2020, resulting in home upgrade needs of mid- to high-end residential properties of approximately 2.2 billion sq.m, accounted for 26.4% of the aggregate demand for residential properties in 2020.

Recent Developments of Real Estate Policies in the PRC

The real estate market in the PRC is subject to extensive government regulation. The PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by promulgating laws and regulations and imposing industry policies and other economic measures. Over the past few years, in order to avoid over-heating of the real estate market, the PRC government has promulgated various restrictive measures to stabilize housing prices. Recently, some of these measures have been relaxed. See “Regulation” in this prospectus.

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

Our Market Position

Zhenro Properties Holdings was awarded “2020 China Property Developer Top 20 by Comprehensive Strength” according to Yihan Zhiku (億翰智庫). Zhenro Group was also ranked among the Top 20 Real Estate Companies in China in terms of Comprehensive Strengths in 2020, according to Shanghai E-House Real Estate Research Institute (上海易居房地產研究院), the China Real Estate Industry Association (中國房地產協會) and the China Real Estate Appraisal Center (中國房地產測評中心).

Competitive Landscape

The property market in the PRC is highly fragmented and competitive, although as a result of intense competition and economies of scale, market concentration for certain property developers have increased in recent years. Our existing and potential competitors include major domestic overseas property developers. We compete with them in relation to a number of factors, including the ability to acquire land, brand recognition, financial resources, prices, product quality, service quality, ability to react to change in market condition and other factors. Some of these competitors may have better track records, greater financial, human and other resources, larger sales networks and greater brand recognition, and we may face challenges in maintaining our market position or further enhancing our market position as a result. Furthermore, there are certain barriers to enter into the PRC property development market, including the capital barrier, economy of scale barrier, and product barrier. Property developments require various resources and expertise including intensive capital investment and differentiated product offering. Major property developers also enjoy economies of scale based on their brand value, product, capital and geographic distribution.

We believe the PRC real estate industry still has large growth potential. We believe that, with our highly-developed end-to-end property development capabilities, our focus to develop innovative mid- to high-end products, our dynamic realizable-market-value-based inventory management approach, our reputable brand name and our effective management team, we are able to respond promptly and effectively to challenges in the PRC legal market. As such, we are able to command a premium in the sales price for our residential properties in certain of our markets, as compared to properties of similar quality. For instance, according to the China Index Academy Report, by comparing with residential properties with similar characteristics in close proximity, such as project scale, property unit size, layout and use for the same year, and by comparing the average selling price per sq.m. of the properties in close proximity, the average selling price per sq.m. of Nanjing Zhenro Royal Fame and Nanjing Zhenro Splendid Land, two selective residential projects developed and sold by us in 2016, were found to be 20.4% and 15.8% higher than that of comparative residential properties in their respective close proximity, respectively. By comparing with residential projects with similar characteristics in close proximity, China Index Academy eliminated the difference in average selling price caused by different location and property nature, which better reflected the higher selling prices attributable to our advantages in property design, quality, service and reputation.

Geographic Presence

As of December 31, 2019, we had established operation in the following regions in the PRC, including the Yangtze River Delta Economic Region, the Bohai Economic Rim and the Western Taiwan Straits Economic Zone, the Western China Region, the Central China Region and the Pearl River Delta Region. We will further enhance our presence in these four regions.

The Yangtze River Delta Economic Region, which covers Shanghai, Jiangsu Province, Zhejiang Province and Anhui Province, enjoys the benefits of a strong economy and a large population. Relevant government policies, including the establishment of the China (Shanghai) Pilot Free Trade Zone, promoted investment in the Yangtze River Delta Economic Region. Shanghai, Nanjing and Suzhou are among the most attractive cities for real estate investment in the PRC.

The Midwest China Economic Region encompasses Hunan, Hubei, Shaanxi, Sichuan and Henan Provinces and certain cities and areas in Jiangxi Province. The real estate investment in the Midwest Economic Area has experienced and is expected to continue to experience rapid growth, especially in the capital city of each province, such as Wuhan and Changsha, which attracted and expect to continue to attract a relatively large percentage of real estate investment in the Midwest China Economic Region.

The Bohai Economic Rim is comprised of Beijing, Tianjin, Shandong and Hebei Provinces. Beijing and Tianjin are among the four direct-controlled municipalities and the most developed cities in the PRC. Benefited by the policy of integrating the Beijing, Tianjin and Hebei areas in March 2015, several cities in Hebei Province also enjoy increased capital investment.

The Western Taiwan Straits Economic Zone includes Fujian, and certain cities and areas in Guangdong Provinces and Jiangxi Province. In line with the government policies including “One Belt and One Road” and the establishment of free trade zones in Fujian, investment in the Western Taiwan Straits Economic Area is expected to continue to experience strong growth potential, according to China Index Academy.

The “One Belt and One Road” initiatives are expected to stimulate more opportunities in real estate market of cities across the trade route, which will benefit from capital investment, deepened trade and industrial cooperation, and additional energy and public infrastructure construction. Zhenro Group has established its operation in five out of the ten key link cities promoted by the One Belt and One Road initiatives. In particular, Fujian Province, which is recognized as the core area of the “21st Century Maritime Silk Road” under the One Belt and One Road initiatives, has significant growth potentials. Zhenro Group had strategically located its operation in several cities in Fujian Province, including Putian, Fuzhou, Nanping and Pingtan, which are expected to be well positioned to capture future growth opportunities.

REAL ESTATE MARKET OF SELECTED CITIES IN THE PRC

The Yangtze River Delta Economic Region

Shanghai

Shanghai is a central city in the Yangtze River Delta Economic Region and also the economic and finance center in the PRC. It is home to the headquarters of numerous prestigious domestic enterprises and multinational firms and has the first pilot free trade zone in China. Shanghai occupies a total land area of approximately 6,341.0 million sq.m. The nominal GDP, total retail sales of consumer goods of and foreign investment in Shanghai are among the highest in the PRC. Shanghai had a population of approximately 24.2 million as of December 31, 2016, of which more than 40% do not have the household registration in Shanghai.

Shanghai maintained strong and stable GDP growth with its nominal GDP increasing from RMB1,920 billion in 2011 to RMB3,870 billion in 2020, representing a CAGR of 8.1%. Disposable income of urban households per capita increased from RMB36,230 in 2011 to RMB76,437 in 2019, representing a CAGR of 8.6%.

The following table sets forth selected economic indicators relating to Shanghai for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Nominal GDP (RMB billion).....	1,920	2,018	2,182	2,357	2,512	2,818	3,063	3,268	3,816	3,870	8.1%
Real GDP growth rate (%) ..	8.2	7.5	7.7	7	6.9	6.8	6.9	6.6	6.0	1.7	N/A
Fixed asset investment (RMB billion).....	507	525	565	602	635	676	725	763	802	885	6.4%
Population (million)	23.5	23.8	24.2	24.3	24.2	24.2	24.2	24.2	24.3	–	–
Urbanization rate (%).....	89.3	89.3	89.6	89.6	87.6	87.9	87.7	88.1	88.1	–	N/A
Per capita disposable income of urban households (RMB)	36,230	40,188	43,851	47,710	52,962	57,692	62,596	68,034	73,615	76,437	8.6%

Source: Shanghai Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Real estate investment in Shanghai has experienced an upward trend since 2011, increasing from RMB225.4 billion in 2011 to RMB469.875 billion in 2020, representing a CAGR of 8.5%. The following table sets forth key figures relating to the real estate market in Shanghai for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Residential properties											
GFA of residential properties sold (million sq.m.).....	15	15.9	20.2	17.8	20.1	20.2	13.4	13.3	13.537	17.892	2.0%
ASP of residential properties (RMB/per sq.m.).....	13,566	13,870	16,192	16,415	21,501	25,910	24,866	28,981	32,926	29,449	9.0%
Commercial properties											
Office											
GFA of office properties sold (million sq.m.).....	1.4	1.1	1.6	1.2	2.0	3.1	1.2	1.5	1.0083	–	–
ASP of office properties (RMB/per sq.m.).....	25,997	21,000	23,623	24,978	24,755	29,477	31,753	32,964	37,890	–	–
Retail											
GFA of office properties sold (million sq.m.).....	0.9	1.2	1.2	1	1.1	2.1	0.8	1.0	0.8848	–	–
ASP of office properties (RMB/per sq.m.).....	19,527	16,218	19,294	22,014	20,043	22,854	26,249	26,475	29,003	–	–

Source: Shanghai Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Nanjing

Nanjing is the capital city of Jiangsu Province and a central city in the Yangtze River Delta Economic Region. It is a political, economic, technology and cultural center of Jiangsu Province. Nanjing occupies a total land area of approximately 6,587.0 million sq.m. Nanjing had a population of approximately 8.5 million as of December 31, 2019.

Nanjing experienced rapid economic growth and its nominal GDP increased from RMB615 billion in 2011 to RMB1,482 billion in 2020, representing a CAGR of 10.9%. Disposable income of urban households per capita increased from RMB32,200 in 2011 to RMB64,553 in 2020, representing a CAGR of 8.6%.

The following table sets forth selected economic indicators relating to Nanjing for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Nominal GDP (RMB billion)	615	720	808	882	972	1,050	1,172	1,282	1,403	1,482	10.3%
Real GDP growth rate (%) ..	12	11.7	11	10.1	9.3	8	8.1	8	7.8	4.6	N/A
Fixed asset investment (RMB billion)	401	468	527	546	549	553	431	472	510	543	3.4%
Population (million)	8.1	8.2	8.2	8.2	8.2	8.3	8.3	8.4	8.5	–	–
Urbanization rate (%).....	79.7	80.2	80.5	80.9	81.4	82	82.3	82.5	83.2	–	N/A
Per capita disposable income of urban households (RMB)	32,200	36,322	39,881	42,568	46,104	49,997	54,538	59,308	64,372	67,553	8.6%

Source: Nanjing Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Real estate investment in Nanjing has experienced an upward trend since 2011, increasing from RMB87.2 billion in 2011 to RMB263.133 billion in 2019, representing a CAGR of 13.1%. The following table sets forth key figures relating to the real estate market in Nanjing for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Residential properties											
GFA of residential properties sold (million sq.m.)	6.8	8.8	11.4	11.2	14.3	14.1	12.1	9.9	11.4	12.1	6.6%
ASP of residential properties (RMB/per sq.m.)	8,415	9,675	11,078	10,964	11,260	17,884	15,259	19,738	19,428	–	–
Commercial properties											
Office											
GFA of office properties sold (million sq.m.)	0.4	0.3	0.2	0.2	0.3	0.5	0.8	0.7	0.6	–	–
ASP of office properties (RMB/per sq.m.)	19,332	16,491	17,939	15,156	16,468	16,359	19,681	19,739	17,069	–	–
Retail											
GFA of office properties sold (million sq.m.)	0.4	0.3	0.4	0.4	0.6	0.8	1.1	1.3	0.9	–	–
ASP of office properties (RMB/per sq.m.)	16,686	17,847	19,714	16,813	15,027	17,920	18,917	20,370	20,426	–	–

Source: Nanjing Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Suzhou

Suzhou is a major economic center and focal point of trade and commerce and the largest city in the Jiangsu Province. Suzhou occupies a total land area of approximately 8,488.4 million sq.m. and had a population of approximately 10.8 million as of December 31, 2016.

Suzhou experienced continuous economic growth and its nominal GDP increased from RMB1,072 billion in 2011 to RMB2,017 billion in 2020, representing a CAGR of 7.1%. Disposable income of urban households per capita increased from RMB33,243 in 2011 to RMB70,966 in 2020, representing a CAGR of 8.8%.

The following table sets forth selected economic indicators relating to Suzhou for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Nominal GDP (RMB billion).....	1,089	1,221	1,319	1,399	1,476	1,575	1,732	1,860	1,924	2,017	7.1%
Real GDP growth rate (%) ..	12	10.1	9.6	8.3	7.5	7.5	7.1	6.8	5.6	3.4	N/A
Fixed asset investment (RMB billion).....	450	527	600	623	612	565	563	456	493	522	1.7%
Population (million)	10.5	10.5	10.6	10.6	10.6	10.6	10.7	10.7	10.8	–	–
Urbanization rate (%).	71.3	72.3	73.2	74	74.8	75.5	75.8	76.1	77.0	–	N/A
Per capita disposable income of urban households (RMB)	33,243	37,531	41,143	46,677	50,390	54,341	58,806	63,481	68,629	70,966	8.8%

Source: Suzhou Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Real estate investment in Suzhou grew from RMB119.9 billion in 2011 to RMB267.4 billion in 2020, representing a CAGR of 9.4%. The following table sets forth key figures relating to the real estate market in Suzhou for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Residential properties											
GFA of residential properties sold (million sq.m.)	9.8	12.6	16.3	14.5	19.4	22.6	16.9	17.9	19.8	19.9	8.2%
ASP of residential properties (RMB/per sq.m.)	9,028	8,980	9,479	9,639	10,335	13,596	15,415	16,212	18,799	–	–
Commercial properties											
Office											
GFA of office properties sold (million sq.m.)	0.4	0.3	0.5	0.3	0.5	0.6	0.9	0.6	0.5	–	–
ASP of office properties (RMB/per sq.m.)	8,332	8,123	8,884	9,144	9,291	9,895	8,120	11,482	13,059	–	–
Retail											
GFA of office properties sold (million sq.m.)	1.7	1.5	1.7	1	1.1	1.5	1.2	1.1	1.1	–	–
ASP of office properties (RMB/per sq.m.)	9,660	11,100	12,051	11,509	11,262	12,072	13,820	11,364	13,290	–	–

Source: Suzhou Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Hefei

Hefei is the capital of Anhui province and a link city along the “One Belt, One Road” trade route in the PRC. Located in the central portion of Anhui Province, it borders seven other provinces and one direct-controlled municipality in China, which all together form one of the most dynamic regions in the country in terms of economic growth and domestic consumption. Hefei occupies a total land area of approximately 11,400 million sq.m. and had a population of approximately 8.2 million as of December 31, 2019.

Hefei experienced continuous economic growth and its nominal GDP increased from RMB363.7 billion in 2011 to RMB1,005 billion in 2020, representing a CAGR of 11.9%. Disposable income of urban households per capita increased from RMB22,459 in 2011 to RMB48,283 in 2020, representing a CAGR of 8.9%.

The following table sets forth selected economic indicators relating to Hefei for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Nominal GDP (RMB billion).....	364	416	467	516	566	627	721	782	941	1,005	11.9%
Real GDP growth rate (%) ..	15.4	13.6	11.5	10	10.5	9.8	8.5	8.5	7.6	4.3	N/A
Fixed asset investment (RMB billion).	338.6	400.1	470.8	538.5	615.3	650.1	635.1	680.2	741.4	776.3	9.7%
Population (million).	7.5	7.6	7.6	7.7	7.8	7.9	8.0	8.1	8.2	–	–
Urbanization rate (%).	64.6	66.4	67.8	69.1	70.4	72.1	73.7	75	76.3	–	N/A
Per capita disposable income of urban households (RMB)	22,459	25,434	28,083	29,348	31,989	34,852	37,972	41,484	45,404	48,283	8.9%

Source: Hefei Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Real estate investment in Hefei grew from RMB89.0 billion in 2011 to RMB154.7 billion in 2020, representing a CAGR of 6.3%. The following table sets forth key figures relating to the real estate market in Hefei for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Residential properties											
GFA of residential properties sold (million sq.m.)	10.6	11.2	14.5	13.3	12.9	17.1	9.6	11.0	11.6	12.974	2.3%
ASP of residential properties (RMB/per sq.m.)	5,608	5,754	6,084	6,917	7,512	9,312	11,442	13,069	14,086	15,265	11.8%
Commercial properties											
Office											
GFA of office properties sold (million sq.m.)	0.6	0.3	0.6	0.5	0.7	1.3	1.2	0.9	–	–	–
ASP of office properties (RMB/per sq.m.)	7,915	8,527	8,117	8,175	8,841	9,054	9,244	10,625	–	–	–
Retail											
GFA of office properties sold (million sq.m.)	1.1	0.7	0.8	1.9	2.0	1.9	1.4	1.3	0.537	–	–
ASP of office properties (RMB/per sq.m.)	12,581	12,288	10,043	9,125	9,172	12,405	10,756	9,312	11,296	–	–

Source: Hefei Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

The Midwest China Economic Region

Wuhan

Wuhan is the capital of Hubei province and is the most populous city in Central China. Wuhan is known as a major transportation hub, with dozens of railways, roads and expressways passing through the city and connecting to other major cities. Wuhan occupies a total land area of approximately 8,594.0 million sq.m. and as of December 31, 2016, it had a population of approximately 11.2 million.

Wuhan experienced a stable economic growth and its nominal GDP increased from approximately RMB676 billion in 2011 to approximately RMB1,562 billion in 2020, representing a CAGR of 9.7%. Disposable income of urban households per capita increased from RMB23,738 in 2011 to RMB50,362 in 2020, representing a CAGR of 8.7%.

The following table sets forth selected economic indicators relating to Wuhan for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Nominal GDP (RMB billion)	676	800	905	1,007	1,091	1,191	1,341	1,485	1,622	1,562	9.7%
Real GDP growth rate (%) ..	12.5	11.4	10	9.7	8.8	7.8	8	8	7.4	-4.7	N/A
Fixed asset investment (RMB billion)	426	503	600	700	773	709	787	871	955.9	843.1	7.9%
Population (million)	10	10.1	10.2	10.3	10.6	10.8	10.9	11.1	11.2	-	-
Urbanization rate (%)	66.1	67.5	67.6	79.4	79.4	79.8	80	80.3	80.5	-	N/A
Per capita disposable income of urban households (RMB)	23,738	27,061	29,821	33,270	36,436	39,737	43,405	47,359	51,706	50,362	8.7%

Source: Wuhan Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Real estate investment in Wuhan experienced a rapid growth from RMB128.2 billion in 2011 to RMB277.6 billion in 2020, representing a CAGR of 9.0%. The following table sets forth key figures relating to the real estate market in Wuhan for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Residential properties											
GFA of residential properties sold (million sq.m.)	11.7	13.9	17.5	19.8	24.1	29.3	30.9	25.4	29.8	30.1	11.1%
ASP of residential properties (RMB/per sq.m.)	6,768	6,895	7,238	7,399	8,404	9,819	11,453	12,678	13,834	-	-
Commercial properties											
Office											
GFA of office properties sold (million sq.m.)	0.3	0.6	0.7	0.6	0.4	0.9	1.6	1.8	-	-	-
ASP of office properties (RMB/per sq.m.)	9,873	13,403	9,372	11,374	10,429	12,630	15,506	18,146	-	-	-
Retail											
GFA of office properties sold (million sq.m.)	0.9	0.7	1.2	1.6	1	1.3	1.9	1.5	-	-	-
ASP of office properties (RMB/per sq.m.)	13,297	13,155	13,903	14,410	14,193	14,660	15,185	18,678	-	-	-

Source: Wuhan Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Changsha

Changsha is the capital of Hunan province and an important commercial, manufacturing and transportation center in China. Changsha occupies a total land area of approximately 11,819 million sq.m. and as of December 31, 2019, it had a population of approximately 8.4 million.

Changsha experienced a stable economic growth and its nominal GDP increased from approximately RMB562.0 billion in 2011 to approximately RMB1,214 billion in 2020, representing a CAGR of 8.9%. Disposable income of urban households per capita increased from RMB27,069 in 2011 to RMB57,971 in 2020, representing a CAGR of 9.1%.

The following table sets forth selected economic indicators relating to Changsha for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Nominal GDP (RMB billion).....	562	640	715	783	851	932	1,054	1,100	1,157	1,214.3	8.9%
Real GDP growth rate (%) ..	14.50	13.00	12.00	10.50	9.90	9.40	9.00	8.50	8.10	4.0	N/A
Fixed asset investment (RMB billion).....	351	401	459	544	636	669	757	844	929	986.9	12.2%
Population (million)	7.10	7.10	7.20	7.30	7.40	7.60	7.90	8.20	8.40	–	–
Urbanization rate (%).....	68.5	69.4	70.6	72.3	74.4	76.0	77.6	79.1	79.6	–	N/A
Per capita disposable income of urban households (RMB)	26,451	30,288	33,662	36,826	39,961	43,294	46,948	50,792	55,211	57,971	9.1%

Source: Changsha Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Real estate investment in Changsha grew from RMB92.6 billion in 2011 to RMB186.8 billion in 2020, representing a CAGR of 7.6%. The following table sets forth key figures relating to the real estate market in Changsha for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Residential properties											
GFA of residential properties sold (million sq.m.)	13.9	13.9	16.4	13.3	16.9	22.9	18.2	19.8	18.4	–	–
ASP of residential properties (RMB/per sq.m.)	5,481	5,603	5,771	5,453	5,553	6,157	7,280	7,781	8,415	–	–
Commercial properties											
Office											
GFA of office properties sold (million sq.m.)	0.4	0.4	0.6	0.4	0.4	0.8	1.1	1.1	–	–	–
ASP of office properties (RMB/per sq.m.)	9,962	12,243	12,148	11,299	9,491	9,689	10,272	12,833	–	–	–
Retail											
GFA of office properties sold (million sq.m.)	0.5	0.7	0.9	1.2	1.2	1.1	2.1	2.0	–	–	–
ASP of office properties (RMB/per sq.m.)	14,027	13,067	10,716	8,267	10,458	11,238	9,311	11,925	–	–	–

Source: Changsha Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

The Bohai Economic Rim

Tianjin

Tianjin is a central city in the Bohai Economic Rim and an international shipping finance center. Tianjin occupies a total land area of approximately 11,917.0 million sq.m. In 2020, the nominal GDP of Tianjin was approximately RMB1,408 billion, representing an increase of 2.3% from 2015. Tianjin had a population of approximately 15.6 million as of December 31, 2019.

The following table sets forth selected economic indicators relating to Tianjin for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Nominal GDP (RMB billion).....	1,146	1,309	1,466	1,596	1,679	1,784	1,855	1,922	1,410	1,408	2.3%
Real GDP growth rate (%) ..	16.4	13.8	12.5	10	9.3	9	3.6	3.6	4.8	1.5	-23.3%
Fixed asset investment (RMB billion).....	751	887	1,012	1,165	1,307	1,463	1,127	1,064	1,212	1,248	5.8%
Population (million)	13.6	14.1	14.7	15.2	15.5	15.6	15.6	15.6	15.6	–	–
Urbanization rate (%).	80.5	81.6	82	82.3	82.6	82.9	82.9	83.2	83.5	–	N/A
Per capita disposable income of urban households (RMB)	26,921	29,626	28,980	31,506	34,101	37,110	40,278	42,976	46,119	47,659	6.6%

Source: Tianjin Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Real estate investment in Tianjin experienced a rapid growth from RMB108.0 billion in 2011 to RMB260.8 billion in 2020, representing a CAGR of 10.3%. The following table sets forth key figures relating to the real estate market in Tianjin for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Residential properties											
GFA of residential properties sold (million sq.m.)	13.7	15.1	17.2	14.8	16.7	25.2	13.4	11.4	13.8	12.2	-1.2%
ASP of residential properties (RMB/per sq.m.)	8,548	8,010	8,390	8,828	9,870	12,870	15,139	15,924	15,423	12,774	4.6%
Commercial properties											
Office											
GFA of office properties sold (million sq.m.)	0.7	0.3	0.2	0.2	0.2	0.3	0.4	0.4	0.2	–	–
ASP of office properties (RMB/per sq.m.)	8,907	13,351	11,443	16,976	15,512	14,395	18,327	17,998	14,256	–	–
Retail											
GFA of office properties sold (million sq.m.)	1.3	0.7	0.5	0.7	0.6	1.0	0.8	0.5	0.6	–	–
ASP of office properties (RMB/per sq.m.)	11,222	13,007	16,550	15,671	13,119	13,073	17,291	18,514	16,923	–	–

Source: Tianjin Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

The Western Taiwan Straits Economic Zone

Fuzhou

Fuzhou is the capital city of Fujian Province and a central city in the Western Taiwan Straits Economic Zone. It is a political, economic, technology, cultural and finance service center of the Western Taiwan Straits Economic Area. It occupies a total land area of approximately 11,968.0 million sq.m. and has five urban districts including Gulou district, Taijiang district, Cangshan district, Mawei district and Jin'an district. Fuzhou is a major economic hub in Fujian province with a long entrepreneurial tradition. In 2020, the nominal GDP of Fuzhou was approximately RMB1,002 billion, significantly outpacing the national growth rate for the same period.

The following table sets forth selected economic indicators relating to Fuzhou for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Nominal GDP (RMB billion).....	373	421	468	517	562	620	710	786	939	1,002	11.6%
Real GDP growth rate (%) ..	13	12.1	11.5	10.1	9.6	8.5	8.7	8.6	7.9	5.1	N/A
Fixed asset investment (RMB billion).	272	327	383	439	489	518	582	650	709	777	12.4%
Population (million).	7.2	7.3	7.3	7.4	7.5	7.6	7.7	7.7	7.8	–	–
Urbanization rate (%).	63.3	64.8	65.9	66.9	67.7	68.5	69.5	71.6	70.5	–	N/A
Per capita disposable income of urban households (RMB)	26,050	29,399	32,265	32,451	34,982	37,833	40,973	44,457	47,920	49,300	7.3%

Source: Fuzhou Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Real estate investment in Fuzhou experienced a rapid growth from RMB96.3 billion in 2011 to RMB207.0 billion in 2020, representing a CAGR of 8.9%. The following table sets forth key figures relating to the real estate market in Fuzhou for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Residential properties											
GFA of residential properties sold (million sq.m.)	5.3	7.3	11.1	8.2	7.5	10.2	12.8	12.6	13.3	15.2	12.4%
ASP of residential properties (RMB/per sq.m.)	9,553	10,644	10,155	10,105	11,333	11,058	10,547	14,381	14,186	–	–
Commercial properties											
Office											
GFA of office properties sold (million sq.m.)	0.3	0.5	0.7	0.4	0.4	0.6	1.2	1.0	1.5	–	–
ASP of office properties (RMB/per sq.m.)	15,825	16,489	19,832	15,296	13,735	15,298	18,980	16,685	14,737	–	–
Retail											
GFA of office properties sold (million sq.m.)	2.3	3.9	4	5.7	7.1	0.7	1.1	1.3	1.0	–	–
ASP of office properties (RMB/per sq.m.)	23,111	16,780	30,992	17,865	16,984	13,255	14,641	15,021	12,944	–	–

Source: Fuzhou Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Nanchang

Nanchang is the capital city of Jiangxi Province. It is a political, economic, commercial, technology and transportation center of Jiangxi Province and a modern manufacturing base in the PRC. Nanchang occupies a total land area of approximately 7,402.4 million sq.m. and as of December 31, 2016, it had a population of approximately 5.6 million.

Nanchang experienced a continuous economic growth and its nominal GDP increased from approximately RMB269 billion in 2011 to approximately RMB575 billion in 2020, representing a CAGR of 8.8%. Disposable income of urban households per capita increased from RMB20,741 in 2011 to RMB46,796 in 2020, representing a CAGR of 9.5%.

The following table sets forth selected economic indicators relating to Nanchang for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Nominal GDP (RMB billion).....	269	300	339	371	401	440	482	527	560	575	8.8%
Real GDP growth rate (%) ..	13.0	12.5	10.7	9.8	9.6	9.0	9.0	8.9	8.0	3.6	N/A
Fixed asset investment (RMB billion).....	200	262	291	346	402	458	516	572	630	686	14.7%
Population (million)	5.0	5.1	5.2	5.2	5.3	5.4	5.5	5.5	5.6	–	–
Urbanization rate (%).	46.3	46.1	69.8	70.9	71.6	72.3	73.3	74.2	75.2	–	N/A
Per capita disposable income of urban households (RMB)	20,741	23,602	26,151	29,091	31,942	34,619	37,675	40,844	44,136	46,796	9.5%

Source: Nanchang Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

Real estate investment in Nanchang grew from RMB28.0 billion in 2011 to RMB91.3 billion in 2019, representing a CAGR of 15.9%. The following table sets forth key figures relating to the real estate market in Nanchang for the years indicated:

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	CAGR
Residential properties											
GFA of residential properties sold (million sq.m.)	4.4	6.0	7.5	7.5	8.2	10.8	12.9	15.4	7.6	–	–
ASP of residential properties (RMB/per sq.m.)	5,323	5,880	6,639	6,225	6,955	7,707	8,106	8,276	12,016	–	–
Commercial properties											
Office											
GFA of office properties sold (million sq.m.)	0.2	0.4	0.4	0.3	0.3	0.6	1.1	0.9	–	–	–
ASP of office properties (RMB/per sq.m.)	9,633	11,174	9,960	9,603	7,018	8,494	9,269	9,265	–	–	–
Retail											
GFA of office properties sold (million sq.m.)	0.5	0.5	0.4	0.4	0.5	0.9	1.6	1.6	–	–	–
ASP of office properties (RMB/per sq.m.)	10,510	9,035	12,328	11,256	10,006	14,038	12,024	11,738	–	–	–

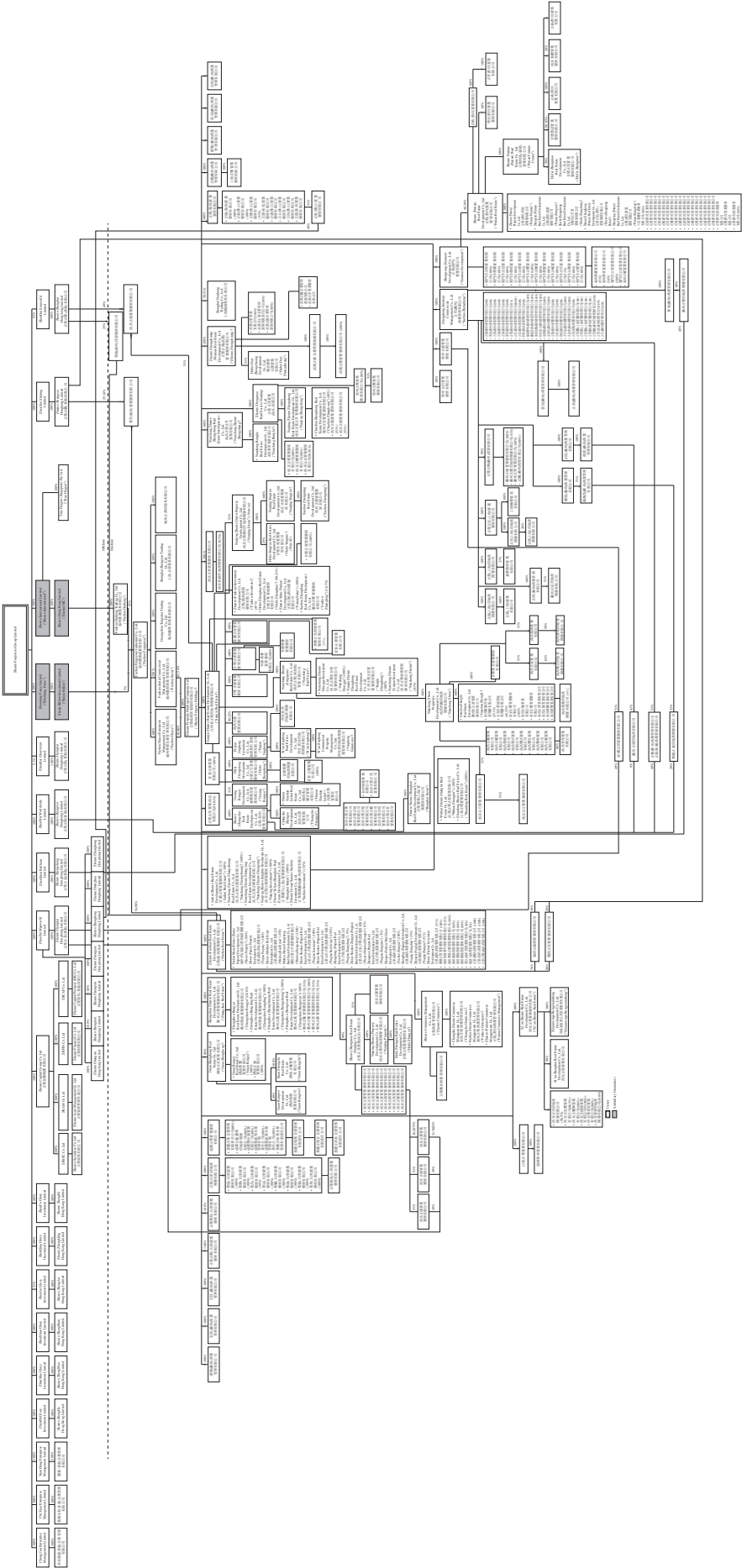
Source: Nanchang Municipal Bureau of Statistics, China Index Academy, CREIS China Index Database

PRICES OF KEY CONSTRUCTION MATERIALS

Construction material cost is an important factor for real estate developers and steel and cement make up a major part of the cost of construction materials. According to China Index Academy, the annual average market price of steel rebar 25mm, a major raw material in building construction, decreased from RMB3,288 per ton in 2014 to RMB2,590 per ton in 2016. Average price of coking coal, a major component in the production of cement, decreased from RMB1,119 per ton in 2014 to RMB758 per ton in 2016 according to China Index Academy.

CORPORATE STRUCTURE

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



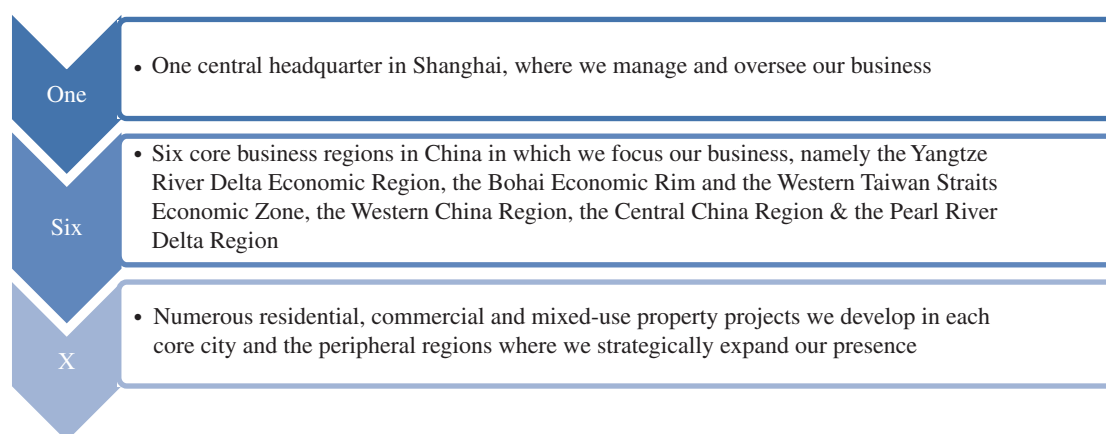
BUSINESS

OVERVIEW

We are a large comprehensive property developer in the PRC focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Zhenro Properties Holdings, the onshore holding company of our Group, was established in July 2015 as Zhenro Group's exclusive platform to carry out its property development business founded in 1998. We have inherited from Zhenro Group extensive experience and sophisticated property development capabilities. Zhenro Group has earned the accolade of a top 100 real estate developer in China for 16 consecutive years since 2005 in terms of its comprehensive property development capability by various industry research institutes. In 2020, Zhenro Group has won several awards and honors, including No.1 ranking in "2020 China Real Estate Developers Top 5 by Business Performance", "2020 China Real Estate Developers Top 20 by Comprehensive Strength", "2020 China Mainland Top 10 Real Estate Company in Hong Kong by EVA", "2020 China Real Estate Developers Top 10 by Efficiency", "2019 Achievement Award for Talent Management Innovation in the Real Estate Industry" and "2019 QuamIR Awards". In 2020, we were awarded the "2020 China Property Developer Top 20 by Comprehensive Strength" according to Yihan Zhiku (億翰智庫). We have been listed on the Hong Kong Stock Exchange since January 2018. In May 2018, our stocks were selected as a constituent stock of the Hang Seng Indexes.

We strive to develop high-quality residential properties primarily for mid- to high-end customers with home upgrade demand. We are also engaged in the development of commercial and mixed-use properties to maintain a balanced development portfolio. In addition, we currently hold as investment properties the commercial spaces of our shopping malls at the mixed-use properties we developed. We believe such commercial and mixed-use properties will help reduce volatility of our revenue, diversify our risk exposure, and deliver stable cash flow for our business operations. Moreover, we provide commercial property management services to certain commercial properties we developed through our commercial property management subsidiaries. Leveraging our comprehensive and high quality development, operation and management capabilities, we have established a track record of bringing to market large-scale, mixed-use property projects that encompass residential, SOHO and office, retail and/or leisure use spaces.

Headquartered in Shanghai, we have an active presence in the Yangtze River Delta Economic Region, the Bohai Economic Rim and the Western Taiwan Straits Economic Zone, the Western China Region, the Central China Region and the Pearl River Delta Region adopting a "16X" strategy to develop an extensive reach of our network in the PRC:



We attribute our success to our distinctive market positioning strategy, strong land sourcing capability, standardized property development procedures and dynamic realizable-market-value-based inventory management approach, all of which enable us to replicate our success as we expand throughout China and create brand recognition. In particular, we position our brand as “改善大師 (home upgrade master),” with a vision of offering customer-oriented, quality residences to affluent mid- to high-end customers with home-upgrade demand. We believe such customers have relatively high disposable income and strong purchasing power and place higher priority on quality rather than price in their property purchase decision making process. To

implement our market positioning strategy, we have developed three product series of residential property projects namely, the “Zhenro Mansion (正榮府)” series, the “Pinnacle (紫闕台)” series, and the “Habitat (雲麓)” series, each targeting different segments of our customers. Our property development process, starting from site selection to project planning and design, is also centered on the needs and preferences of our targeted mid- to high-end customers. Our property products are generally located in urban centers and central areas of newly developed districts in economically developed cities, as well as other regions in China that we believe have strong growth potential. We believe we are able to command a premium in the sales price for our residential properties in certain of our markets, as compared to properties of similar quality.

Our market position, together with our sizable land bank, our quality product offering and our property development and management capabilities along with strong brand recognition we achieved, all contributed to our sustainable and rapid expansion and financial success in the past. Our revenue grew at a CAGR of 16.9% from RMB26,453.1 million in 2018 to RMB36,126.1 million (US\$5,536.6 million) in 2020, and the total GFA delivered grew at a CAGR of 38.9% from 1,500,651 sq.m. in 2018 to 2,895,496 sq.m. in 2020.

OUR STRENGTHS

A Large Comprehensive Property Developer in the PRC

We are a large comprehensive property developer in the PRC focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Zhenro Properties Holdings, the onshore holding company of our Group, was established in July 2015 as Zhenro Group’s exclusive platform to carry out its property development business founded in 1998. Zhenro Group has earned the accolade of a top 100 real estate developer in China for 16 consecutive years since 2005 in terms of its comprehensive property development capability by various industry research institutes and was one of the largest unlisted PRC real estate developers. In 2020, Zhenro Properties Holdings was awarded “2020 China Property Developer Top 20 by Comprehensive Strength” according to Yihon Zhiku (億翰智庫). Our strong reputation, premium brand name, quality product offering and a proven track record of success in the property development business have also enabled us to receive numerous national awards and recognitions. For example, Zhenro Properties Holdings was awarded “2020 China Real Estate Developers Top 20” (2020中國房地產開發企業20強) from China Real Estate Association (中國房地產業協會) and China Real Estate Appraisal (中國房地產測評中心), and “2020 China Top 100 Real Estate Developers Top 20” (2020中國房地產百強企業TOP 20) from China Index Academy (中國指數研究院) in 2020.

With over 20 years of experience in real estate development, we have grown from a leading regional residential property developer in the Western Taiwan Straits Economic Zone to an established national comprehensive property developer with active presence in 32 cities across six core business regions in China, namely, the Yangtze River Delta Economic Region, the Western China Region, the Central China Region, the Bohai Economic Rim, the Western Taiwan Straits Economic Zone and the Pearl River Delta Region as of December 31, 2020. These core business regions are what we believe to be among the most economically prosperous areas in China and each is expected to further develop as a world-class city cluster.

We strive to develop high-quality residential properties primarily for mid- to high-end customers with home upgrade demand. We are also engaged in the development of commercial and mixed-use properties to maintain a balanced development portfolio. In addition, we currently hold as investment properties the commercial spaces of our shopping malls at the mixed-use properties we developed. We believe such commercial and mixed-use properties will help reduce volatility of our revenue, diversify our risk exposure, and deliver stable cash flow for our business operations. Moreover, we provide commercial property management services to certain commercial properties we developed through our commercial property management subsidiaries. Leveraging our comprehensive and high-quality development, operation and management capabilities, we have established a track record of bringing to market large-scale, mixed-use property projects that encompass residential, SOHO and office, retail and/or leisure spaces.

Our market position, together with our presence in strategic locations across China, position us well to capture the significant growth potential of the relevant real estate markets.

Sizable Land Bank in First- or Second-Tier Cities or in Cities with High Growth Potential in China and Proven Land Acquisition Capability Fueling Our “16X” Expansion Across China

We strategically select and acquire high-quality land parcels for development focusing on the sustainable growth of our business. As of December 31, 2020, we had a land bank with an aggregate GFA attributable to us of approximately 28.5 million sq.m. that was strategically located in 32 cities across six core regions in China, including but not limited to Shanghai, Nanjing, Suzhou, Hefei, Wuhan, Changsha, Xi'an, Tianjin, Fuzhou, Nanchang and Zhengzhou. Most of our land parcels are situated at prime locations in first- or second-tier cities or in cities that we believe have high growth potential. Based on our expansion plan, we believe our land bank would be sufficient to support our business development in the next three years.

Quality and Customized Products Targeting Mid- to High-End Customers with Home Upgrade Demand

We believe a key contributor to our success is our focus on developing properties that cater to the needs of our target customers. We position our brand as “改善大師 (home upgrade master)” with a vision of introducing quality residences with a GFA ranging from 90 sq.m. to 200 sq.m. to affluent mid- to high-end customers with home-upgrade demand. We believe these customers have relatively high disposable income and strong purchasing power and place higher priority on quality rather than price in their property purchase decision making process. To implement our market positioning strategy, we have developed three product series of residential property projects, namely the “Zhenro Mansion (正榮府)” series, the “Pinnacle (紫闕台)” series, and the “Habitat (雲麓)” series, each targeting different segments of our target customers. Our “Zhenro Mansion” series targets mainly first-time home buyers and first-time home upgraders. Our “Pinnacle” series mainly targets subsequent home upgraders. We position our “Habitat” series as luxury home collection for our target high-end customers. Similarly, our commercial property portfolios are comprised of three products lines, the “Zhenro Center (正榮中心)” series, the “Zhenro Street (正榮街)” series, and the “Neighborhood (鄰舍)” series, each with its own positioning and floor size. See “– Management of Commercial Properties.” We believe such market positioning strategy best leverages our property development capabilities and help us maintain sustainable growth in current market conditions.

Our property development process, starting from site selection to project planning and design, is centered on the needs and preferences of our target mid- to high-end customers. During site selection process, we generally pursue opportunities in urban centers and central areas of newly developed districts in economically developed cities, as well as other cities in China that we believe have strong prospects for growth fueled by economic growth. We adopt a customer-oriented product design philosophy, pursuant to which we pay significant attention to details so that the design of our property products will bring increased convenience to our customers based on their lifestyles and habits. We value both in-house design capabilities and external collaboration with other PRC well-known third-party architectural and design firms, and we work closely with anchor tenants and customers with specific requirements to better serve their needs. We also endeavor to capture the regional characteristics in our product designs as we expand into different geographies. We continuously innovate our product design based on customer feedback and research as to market trend and development.

In addition, we have developed a “built-to-suit” model (客戶訂製模式) for the management of our commercial and mix-use properties which focuses on obtaining pre-leasing commitments prior to the commencement of construction. We believe such model enables us to attract well-known tenants as it enables tenants to maximize their ability to customize their leased spaces during the construction of the development projects to best suit their needs, which also serves to enhance the value of our investment properties.

Our product development capability was recognized by the “Most Innovative Real Estate Enterprise in 2015” award (2015中國最具創新力地產企業大獎) issued by the Organizing Committee of 2015 Bo'ao Real Estate Forum (博鰲房地產論壇組委會). Our efforts have also led to several of our developments receiving awards for their design, such as 2020 New Landmarks in Hundred Cities of China (2020中國百城建築新地標) for Xi'an Zhenro Pinnacle, and “A' Design Award and Competition” (A'設計大獎) for Tianjin Jinmen Zhenro Mansion.

Proven Property Development and Management Capabilities together with Strong Brand Recognition

We believe a strong brand name starts with the high quality of our property projects. Since the inception of Zhenro Group's property development business in 1998, we have developed sophisticated property development and management capabilities that we believe are instrumental to the success of our business. Specifically, we believe the following key capabilities, in addition to our proven land acquisition capability and distinctive marketing strategies, provide us with a competitive advantage, allowing us to replicate our success as we expand throughout China and create brand recognition:

- *Proven development capability.* With over 20 years of experience in property development, our business has a proven track record of successfully developing numerous customer-oriented, quality property projects that are diverse in design elements and geographic locations, each with its own unique market characteristics, and managed to span 32 cities across six core business regions in China. While we first started as a residential property developer, we have expanded into commercial and mixed-use property market by introducing high-end office buildings, such as Hongqiao Zhenro Center in Shanghai, and mega-scale and large-scale mixed-use properties, such as the Putian Zhenro Fortune Center in Putian, Fujian Province.
- *Customer-oriented approach with diversified product portfolio.* Covering the tiniest of details, we pride ourselves in our customer-oriented design philosophy that aims to bring increased convenience to potential customers in the use of our products.
- *Strong execution capabilities with standardized and scalable property development procedures.* We have developed standardized property development procedures which cover the entire life cycle of a property project. Such procedures, supported by our advanced IT system, include detailed reporting protocols for each aspect of the property development cycle to facilitate efficient operation, expedite asset turnover and to ensure consistent high quality and cost control of our projects. We also only engage reputable and well-known architectural and design firms, as well as general contractors with premium class constructor qualifications. During the construction process, we deploy stringent control standards. We utilize both our internal team and independent certified project supervisory companies to monitor the progress and quality standards of our projects. Furthermore, we adopt strict selection criteria as to the materials and equipment used in our projects, including their specifications in terms of quality, technical standards and brand requirements to ensure consistent high quality of our property development.
- *Sales and marketing expertise with a realizable-market-value-based inventory management approach.* We primarily rely on the efforts of our own marketing management teams for the sale of our properties. We have adopted a dynamic management approach in the entire life cycle of a property project, focusing on maximizing returns for our property projects, optimizing cash position and responding quickly to market changes. We conduct quarterly review and may establish additional or adjust our investment plans and product positioning, design, sales price and marketing approach in view of the estimated realizable market value of our projects which are based on our annual sales targets, our profit targets, our real time property inventory position and the changing market conditions. In particular, although sales targets are set at our headquarters, we empower a senior management team in each city which performs regional management functions with the ability to adjust sales price for our projects based on changing market conditions due to their familiarity with the local property markets. For example, rather than becoming fixated on a pre-determined price levels, in times of market downturn and subject to approvals of our headquarters, such regional management teams can quickly adopt discounts and other incentive measures to promote our properties as to ensure a healthy cash flow while maintain revenue generating. On the other hand, in more robust markets, these regional management teams are able to quickly increase the sales price for our properties to keep abreast of the developing market situations. Such ability to adjust our inventory status, sales price and cash flow to proactively respond to trends in local property markets has enabled us to maintain profitability. For the years ended December 31, 2018, 2019 and 2020, we achieved gross profit margin of 22.8%, 20.0% and 19.1%, with net profit margin of 8.4%, 9.5% and 9.9%, respectively.

Our proven property development capabilities and our dedication in providing customer-orientated quality property projects have enabled us to build a distinguished and well-recognized brand image nationally. As a result of our strong brand recognition, we believe our property development is able to command a premium in the sales price for our property in certain of our markets as compared with the average prices of similar properties in the relevant cities, districts and neighboring properties. In addition, we believe such brand recognition has also strengthened our ability to access to capital to finance our business operation. We believe our well-known brand and reputation provides us with significant leverage for our business growth and will continue to provide a positive effect in advancing the expansion of our business and our geographic reach into other cities and regions in the PRC.

Professional and Experienced Management Team with Extensive Experience Supporting Long Term Sustainable Growth

Our success has been, and will continue to be, dependent on our professional and experienced management team which has in-depth understanding of the real estate industry in China. Our business was founded by Mr. Ou Zongrong, our founder and Controlling Shareholder who is an influential industry leader with over 20 years of experience in the PRC real estate market, and is now professionally managed by Mr. Huang Xianzhi, our Chairman and an executive Director. Mr. Ou Zongrong remains as our senior advisor, offering strategic insights and giving us the benefit of his industry experience. Mr. Huang is an experienced professional manager with over 20 years of experience in the PRC real estate market. He was recognized as an “Outstanding Professional Manager in China for the Year of 2008” (2008年度中國傑出職業經理人) and “Chief Accountant in China for the Year of 2011” (2011中國總會計師年度人物). He also received the honors of “Figure with Contributions to China Real Estate Brands in 2015” (2015中國房地產品牌貢獻人物) and “Top 100 Figures with Contributions to China Real Estate Industry in 2016” (2016中國房地產百強貢獻人物). Many members of our senior management team also have extensive experience and expertise in their respective fields, which covers all the key aspects of our operation. This diversity of knowledge and expertise has helped us to form a broad strategic vision to further our sustainable growth. In addition, we have experienced and dedicated employees with substantial expertise in property development, product design, finance and other relevant areas. We recruit employees from well-known universities in the PRC and leading enterprises in their respective fields. We also provide our employees with continuing vocational training to expand their expertise and professional knowledge. We believe with the leadership of a professional and experienced management team supported by our team of experienced professionals, along with their commitment to a high level of corporate governance and sound business practices, we will achieve sustainable long-term growth and maximize value to our shareholders, customers and employees.

OUR STRATEGIES

We strive to become one of the largest real estate developers in the PRC. To achieve our goal, we intend to implement the following strategies:

Solidify Leading Position in Existing Markets and Strategically Expand into Other Selected Markets

We intend to adhere to our “16X” strategy and will continue to enhance our leading position in markets in which we currently have a presence to expand our economies of scale and market shares in such regions and cities. In addition, we plan to leverage our deep-plow strategy, brand name, extensive experience and sophisticated property development capabilities to strategically expand into selected new cities, such as Foshan and Guangzhou, as well as selected new regions, such as the Pearl River Delta Region. We select these regions and cities based on our existing geographic presence and the growth potential of their real estate markets. These regions are either the most economically prosperous areas in China, or regions we envisage entail strong growth potential under the urbanization and other policies of the PRC government. Moreover, we may also prudently seek appropriate opportunities to tap into overseas markets.

Focus on High Quality and Balanced Future Growth

We will utilize a balanced and disciplined approach to grow our property development projects while also focusing on the quality of such growth. We will continue to implement “reserve cycle” land acquisition strategy in order to obtain additional quality land parcels at competitive costs. We expect to improve our internal land acquisition and evaluation procedures and further improve our target market research analysis capability.

Decision as to land acquisition will be made only after comprehensive and in-depth market research, feasibility study and forecast with strict internal review procedures performed. We expect such continued enhancement in our land acquisition evaluation model to better identify high-premium projects and reduce land acquisition cost. At the same time, we will refine our managerial capability and optimize resource allocation to advance scalability. We plan to further strengthen the managerial capability at our headquarters level, to enable our city and project companies to better reduce the resources required to successfully manage its daily operations, while increase efficiency in managing project development, marketing and sales and customer services activities. We will also forge additional strategic relationships with contractors and suppliers, devote resources to enhancing procurement, marketing and pre-sale/sales activities, aiming at reducing our development and operational costs. Finally, we intend to carefully monitor our expansion in conjunction with the increase in our professional workforce and management capacities to ensure that we are able to manage all of our projects efficiently and continue to offer high quality products. We believe such efforts will enable us to further shorten development cycle, ensure stable level of high quality growth, thereby preserving sound returns for our shareholders.

Utilize Diversified Investment Strategy and Identify New Growth Opportunities

We intend to utilize a diversified investment strategy to achieve continued growth of our business at competitive costs. Such strategy includes enhancing our land acquisition methodology, such as by identifying strategic partners and exploring new investment opportunities. For example, we will continue to increase our efforts in cooperating with other third-party developers through joint ventures and associated companies, or acquire land from third parties by acquiring equity interest in companies that possess land use rights.

We also intend to further expand our development in commercial and mixed-use properties and selectively increase our investment property portfolio to maintain a balanced and comprehensive development portfolio. In particular, we will further strengthen our presence in the first-tier cities, such as Shanghai, and certain second-tier cities in China with a prosperous real estate market, such as Nanjing, by offering new commercial and mixed-use projects to promote our brand recognition in the next three to five years. We believe that our investment properties will be able to generate sustainable rental income, thereby help reduce volatility of our revenue, diversify our risk exposure, provide stable cash flow and complement the value of our properties located in the same or neighboring complexes. We will strengthen our capability to procure well-known brands as anchor tenants to increase the attractiveness of our investment properties and establish long-term relationships with such brands.

Furthermore, we may strategically invest in or partner with companies in industries related to our property development business or that can increase the value or attractiveness of our properties, such as companies that operate along the property development industry value chain, provide premium services in our investment properties or value-added services to our residential properties. We believe such growth opportunities will further assist the sustainable growth of our business in the property market in China.

Further Enhance Our Customer-Oriented Product Offerings, Brand Equity and Customer Loyalty

We will further innovate our product designs and tailor our product offerings based on the preferences and demands of our target customers. We will endeavor to expand our database of standardized designs, components and modules for our projects. We plan to optimize our product portfolio to better serve the demand for mid- to high-end properties, while further fine-tuning our products for the different geographical regions and cities to suit various types of land reserves and to best appeal to target customers in different cities with their different demands and purchasing power. We intend to continue to pay significant attention to details so that the design of our products will bring increased convenience to our customers based on their lifestyle and habits. In addition, we will also enhance our in-house product design team through recruitment and fortify our relationship with leading architectural and design firms to provide quality products to our customers. We will continue to develop high quality residential properties with notable architectural and landscape designs that offer comfortable living environment, catering to the needs of our target customers. We also endeavor to develop well-planned commercial and mixed-use properties, secure well-known anchor stores as tenants and present attractive experience stores and spaces to boost in-store consumer experiences and increase consumer flow. Moreover, we plan to advance our brand through marketing initiatives and other measures such as advertising campaigns, participating in property exhibitions and trade conventions, sponsoring sports teams, and charity activities. We believe our efforts will enable us to further augment our brand equity, which will also serve to amplify the value of our properties and facilitate to increase customer satisfaction and loyalty.

Be Dedicated to Prudent Financial Policies and Optimize Our Capital Structure

The property development industry is highly capital intensive. Over years, in order to capture market opportunities in the real estate market, we significantly expanded our development activities, which subjected us to substantial bank and other borrowings. In addition, property developments typically require substantial capital outlay during the construction period but may take a significantly longer period of time before any revenue can be generated through the sales and delivery of completed projects. We believe our cash flows and liquidity position will be continuously improved as such properties, together with other properties currently under development, are completed and delivered.

We plan to continue to adhere to internal and industry financial policies and prudent financial and cost management practices. We have adopted and aim to refine various measures to control our cost and monitor our cash flow. Especially, we intend to continue our prudent policies in controlling costs relating to our land acquisitions and construction activities. We will continue our centralized procurement policies to control our development costs. We will also constantly review and verify the costs and expenses incurred along with the development activities against the master budget of each project, in order to ensure that the target costs are met. We will strive to further utilize our working capital more efficiently. To this end, we will proactively consider multiple opportunities available to us in order to dilute risks of concentration of a particular type of property projects or in a particular location.

On the other hand, we will further adhere to our established dynamic realizable-market-value-based inventory management approach as to our operation to ensure flexibility in the pricing of our properties while maintaining appropriate level of cash flow and return of our property projects. We will also ensure sufficient level of cash flow while pursuing land acquisition opportunities prudently. Additionally, we endeavor to shorten our project development cycle to improve our operating efficiency, which we believe will expedite our asset turnover and enhance our liquidity position.

We will also increase the close monitoring of our capital and indebtedness level by reviewing our gearing ratio and leverage ratio. We closely analyze the maturity profiles of our borrowings and manage our liquidity level to ensure sufficient cash flow to service our indebtedness and meet cash requirements arising from our business. We will continue to carefully review any leverage that we use when we acquire new assets to expand our business with reference to cost, equity size and profit impact.

Furthermore, we will explore various financing opportunities to improve our capital structure and reduce our cost of capital, including but not limited to issuance of new corporate bonds, asset-based securities programs or other debt financings. We may also seek investments from strategic equity investors to reduce our capital commitments. Since 2017, we have also actively explored co-development opportunities with other reputable real estate developers, which enabled us to reduce the capital commitments in connection with land acquisitions and relevant project construction activities.

Attract, Retain and Motivate Skilled and Talented Employees

We believe high-quality employees who value our corporate culture are essential elements for our sustainable growth. We intend to attract and retain skilled and talented employees from reputable PRC universities through various initiatives, including our creative trainee programs, competitive compensation packages and effective incentive system. We will also further arrange for internal seminars and external training opportunities to enhance their competency. In addition, we will continue to build up our corporate culture by fostering entrepreneurial working environment and elite culture. We believe such culture will promote innovation and collaboration, leading to increased efficiency, greater loyalty, job satisfaction, engagement and commitment to their work, resulting in improved return on the overall operation of our Group. With a strong reputation for excellence and a dedicated workforce, we believe we are well-positioned to expand our business and maximize the value of our shareholders.

OUR PROPERTY PROJECTS

Overview

We develop a variety of residential, commercial and mixed-use properties. For our residential projects, we focus on developing quality residential units with comfortable living environment and convenient ancillary facilities at prime locations, which we believe meet the needs of our target customers. Our residential properties primarily include high-rise, mid-rise and low-rise apartment buildings and townhouses. Our commercial properties generally consist of office spaces, SOHO spaces, shopping malls and retail spaces which comprise of pedestrian shopping streets and ground-floor shops. Such commercial properties are integrated with or in the vicinity of the residential buildings in our mixed-use complexes. We currently hold as investment properties the commercial spaces of our shopping malls at the commercial or mixed-use complexes we developed. As of December 31, 2020, we had 216 property projects with an aggregate GFA attributable to us of approximately 28.5 million sq.m., including (i) the total GFA available for sale and total leasable GFA for completed properties, (ii) total GFA for properties under development, and (iii) total GFA for properties held for future development. Our property projects are located in 32 cities in six core business regions at various stages of development, of which 150 property projects were owned and developed by us and 66 property projects were developed by non-subsidiaries. As of December 31, 2020, we had an aggregate GFA attributable to us of 13.6 million sq.m. for property projects that were developed by our subsidiaries, comprising completed properties available for sale or lease with an aggregate GFA of approximately 1.3 million sq.m., properties under development with an aggregate GFA of approximately 9.8 million sq.m. and properties held for future development with an aggregate GFA of approximately 2.5 million sq.m. As of the same date, we had an aggregate GFA attributable to us of 3.0 million sq.m. for property projects that were developed by non-subsidiaries, comprising completed properties available for sale or lease with aggregate GFA of approximately 0.2 million sq.m, properties under development with an aggregate GFA attributable to us of approximately 2.4 million sq.m. and properties held for future development with an aggregate GFA attributable to us of approximately 0.4 million sq.m. As of the same date, completed investment properties with a total GFA of approximately 0.5 million sq.m. and investment properties under development with a total GFA of approximately 0.3 million sq.m. were owned and managed by us.

Classification of Our Property Projects

We generally classify our property projects into the following three categories:

- completed projects or project phases;
- projects or project phases under development; and
- projects or project phases held for future development.

A project or project phase is classified as completed when the required land use rights certificates issued by the relevant government authorities and the completion certificate has been obtained from the relevant government construction authorities.

A project or a project phase is classified as under development when the required construction work commencement permits have been obtained but a completion certificate has not been obtained for all phases of the project.

A project or a project phases is considered to be held for future development when (i) we have obtained the land use rights certificate, but have not obtained the requisite construction work commencement permits or (ii) we have signed a land grant contract for the underlying parcel of land with relevant government authorities, but have not obtained relevant land use rights certificate.

As some of our projects comprise multiple-phase developments that are completed on a rolling basis, a project may fall into one or more of the above categories.

Detailed descriptions of each of our projects as set forth in this offering memorandum are as of December 31, 2020, unless otherwise dated. The commencement date relating to each project or each phase of a project refers to the date construction commenced on the first building of the project or phase. The completion

date set out in the descriptions of our completed projects or phases 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 phases under development or for future development, the completion date reflects our best estimate based on our current development plans.

Site area is calculated as follows:

- for projects or phases for which we have obtained land use rights, based on the relevant land use right certificates; or
- for projects or phases for which we have not obtained land use rights, based on the relevant land grant contracts.

Total GFA is calculated as follows:

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

Total GFA as used in this prospectus is comprised of saleable GFA and non-saleable GFA. Non-saleable GFA as used in this offering memorandum refers to certain communal facilities and ancillary facilities, such as certain underground GFA and spaces for security offices, for which pre-sale permits will not be issued. Saleable GFA as used in this prospectus refers to the internal floor areas exclusive of non-saleable GFA. Saleable GFA is further divided into saleable GFA pre-sold/sold and saleable GFA unsold. A property is pre-sold when we have executed the purchase contract but yet delivered the property to the customer. A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to the customer.

Total saleable GFA is calculated as follows:

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

Our classification of our properties reflects the basis on which we operate our business and may differ from classifications employed by other developers. Each property project or project phase may require multiple land use rights certificates, construction permits, pre-sale permits and other permits and certificates, which may be issued at different times throughout the development process.

Land Bank and Property Portfolio

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

				Under Development	Future Development	Total	
	Regions	Number of Projects	Completed GFA Available for Sale/ Leasable GFA	GFA under Development	Planned GFA of Future Development	Total Land Bank	%
Properties developed by the Group and its subsidiaries							
Yangtze River Delta Economic Region	Shanghai	6	140,119	285,338	–	425,457	1.5%
	Jiaxing	3	50,602	–	–	50,602	0.2%
	Suzhou	9	32,564	736,724	117,946	887,233	3.1%
	Wuxi	2	–	278,163	–	278,163	1.0%
	Nanjing	13	39,811	1,314,360	70,933	1,425,104	5.0%
	Suqian	1	–	346,484	–	346,484	1.2%
	Chuzhou	2	20,713	129,689	–	150,401	0.5%
	Xuzhou	1	–	82,729	15,064	97,793	0.3%
	Hefei	7	20,505	601,850	258,595	880,950	3.1%
	Lu'an	1	–	179,287	365,899	545,186	1.9%
	Fuyang	1	–	115,226	316,018	431,244	1.5%
	Subtotal	46	304,313	4,069,849	1,144,455	5,518,618	19.4%
Middle China Economic Region	Zhengzhou	5	–	1,133,735	305,637	1,439,371	5.1%
	Wuhan	6	27,069	367,958	290,901	685,928	2.4%
	Xiangyang	2	–	268,494	–	268,494	0.9%
	Changsha	6	78,756	828,244	567,956	1,474,956	5.2%
	Subtotal	19	105,825	2,598,430	1,164,494	3,868,749	13.6%
Pearl River Delta Economic Zone	Foshan	3	–	468,236	225,983	694,220	2.4%
	Subtotal	3	–	468,236	225,983	694,220	2.4%
West China Economic Region.....	Xi'an	5	109,290	532,367	–	641,657	2.3%
	Chengdu	4	–	255,440	100,600	356,040	1.3%
	Chongqing	2	–	324,866	–	324,866	1.1%
	Subtotal	11	109,290	1,112,673	100,600	1,322,563	4.6%
Bohai Economic Rim.....	Tianjin	6	98,715	472,799	800	572,315	2.0%
	Subtotal	6	98,715	472,799	800	572,315	2.0%
Western Taiwan Straits Economic Zone.....	Fuzhou	20	391,999	1,510,741	151,241	2,053,981	7.2%
	Nanping	0	–	–	–	–	0.0%
	Nanchang	13	31,703	1,110,963	–	1,142,666	4.0%
	Ganzhou	1	34,277	33,844	–	68,121	0.2%
	Ji'an	2	3,140	254,767	–	257,907	0.9%
	Yichun	6	3,330	484,803	–	488,133	1.7%
	Putian	15	281,133	921,390	–	1,202,523	4.2%
	Quanzhou	5	12,444	451,655	339,917	804,015	2.8%
	Zhangzhou	1	–	197,840	–	197,840	0.7%
	Xiamen	2	–	117,326	114,173	231,499	0.8%
	Subtotal	65	758,026	5,083,328	605,332	6,446,685	22.7%

				Under Development	Future Development	Total	
	Regions	Number of Projects	Completed GFA Available for Sale/ Leasable GFA	GFA under Development	Planned GFA of Future Development	Total Land Bank	%
Properties developed by the Group and its subsidiaries	Subtotal	150	1,376,170	13,805,316	3,241,664	18,423,150	64.8%
Properties developed by the Group and its subsidiaries on an attributable basis			1,255,529	9,800,392	2,485,683	13,541,605	
Properties developed by the Group's joint ventures and associated companies							
<i>Yangtze River Delta Economic Region</i>	Shanghai	1	–	348,062	–	348,062	1.2%
	Jiaxing	4	177,793	–	–	177,793	0.6%
	Suzhou	18	289,592	1,219,472	–	1,509,064	5.3%
	Nanjing	4	–	619,014	5,356	624,371	2.2%
	Chuzhou	2	23,037	–	210,130	233,167	0.8%
	Xuzhou	3	–	632,353	116,562	748,915	2.6%
	Hefei	4	11,115	302,660	164,102	477,877	1.7%
	Lu'an	1	–	186,460	272,019	458,479	1.6%
	Subtotal	37	501,536	3,308,022	768,169	4,577,727	16.1%
<i>Middle China Economic Region</i>	Zhengzhou	1	–	221,894	–	221,894	0.8%
	Xuchang	1	–	81,406	–	81,406	0.3%
	Wuhan	2	61,335	827,770	6,007	895,112	3.1%
	Subtotal	4	61,335	1,131,070	6,007	1,198,412	4.2%
<i>West China Economic Region</i>	Chongqing	1	67,131	178,210	112,642	357,983	1.3%
	Subtotal	1	67,131	178,210	112,642	357,983	1.3%
<i>Bohai Economic Rim</i>	Tianjin	5	–	974,238	34,410	1,008,648	3.5%
	Jinan	8	–	1,335,847	108,693	1,444,540	5.1%
	Subtotal	13	–	2,310,085	143,103	2,453,188	8.6%
<i>Western Taiwan Straits Economic Zone</i>	Fuzhou	5	–	804,467	15,021	819,488	2.9%
	Nanchang	3	16,543	63,821	168,428	248,791	0.9%
	Ganzhou	2	35,452	177,561	–	213,013	0.7%
	Ji'an	1	–	160,188	–	160,188	0.6%
	Subtotal	11	51,994	1,206,037	183,449	1,441,480	5.1%
Properties developed by the Group's joint ventures and associated companies	Subtotal	66	681,996	8,133,423	1,213,371	10,028,790	35.2%
Properties developed by the Group's joint ventures and associated companies on an attributable basis			181,387	2,354,993	443,955	2,980,334	
Total land bank		216	2,058,167	21,938,739	4,455,035	28,451,940	100.0%
Total land bank on an attributable basis			1,436,916	12,155,385	2,929,638	16,521,939	

Notes:

- (1) Includes saleable GFA remaining unsold and leasable GFA.
- (2) Total land bank equals to the sum of (i) total GFA available for sale and total leasable GFA for completed properties, (ii) total GFA for properties under development, and (iii) total GFA for properties held for future development. For projects held by non-subsidiaries, total GFA will be adjusted by our equity interest in the project.
- (3) For projects held by non-subsidiaries, total GFA will be adjusted by our equity interest in the project.

Our Property Projects

The following table sets forth a summary of our property projects and project phases developed, including projects and project phases held for future development as of December 31, 2020.

#	Project Names	City	Interest Attributable to the Group	Primary Intended Use ⁽¹⁾	Site Area (sq.m.)	Actual/Estimated Completion Date	Completed for Sale/Rent (sq.m.)	Total GFA Completed	Saleable GFA	Under Construction (sq.m.)	For Future Development (sq.m.)	Land Bank ⁽²⁾ (sq.m.)
Properties Developed by the Group's Subsidiaries												
1	Shanghai Hongqiao Zhenro Mansion	Shanghai	100%	R/RE	82,362	2021/12	20,684	153,053	59,917	106,112	-	126,796
2	Shanghai Hongqiao Zhenro Center	Shanghai	100%	RE/S&O	73,695	2018/11	62,042	231,401	-	-	-	62,042
3	Shanghai Zhenro Royal Kingdom	Shanghai	100%	R/RE	110,022	2017/11	35,075	201,455	-	-	-	35,075
4	Shanghai Zhenro The Capital Mansion	Shanghai	100%	RE/S&O	145,685	2021/08	19,040	232,493	127,851	131,106	-	150,146
5	Shanghai Zhenro Fontainebleau	Shanghai	100%	R/RE	102,806	2019/02	3,279	167,340	-	-	-	3,279
6	Shanghai Zhenro Yuelong Mansion	Shanghai	63%	R	19,393	2023/03	-	-	41,639	48,119	-	48,119
7	Jiaxing Zhongnan Zhenro Country Garden Manyue Bay	Jiaxing	37%	R	39,984	2019/12	19,687	71,226	-	-	-	19,687
8	Jiaxing Zhenro Country Garden Yue Mansion	Jiaxing	51%	R	7,342	2019/12	345	16,574	-	-	-	345
9	Jiaxing Excellence Zhenro Canal Grand Mansion	Jiaxing	50%	R/RE	63,568	2020/01	30,571	147,768	-	-	-	30,571
10	Nanjing Zhenro Riverside Wonderland	Nanjing	100%	R/RE	71,345	2018/12	8,297	288,217	-	-	-	8,297
11	Nanjing Zhenro Splendid Land	Nanjing	100%	R/RE	105,353	2018/03	16,913	314,748	-	-	-	16,913
12	Nanjing Zhenro Royal Fame	Nanjing	100%	R/RE	84,545	2019/05	4,892	305,663	-	-	-	4,892
13	Nanjing Zhenro Riverside Violet Pinnacle	Nanjing	100%	RE/S&O	83,048	2021/06	-	121,130	217,039	223,933	-	223,933
14	Nanjing Zhenro River Mansion	Nanjing	37%	R/RE	32,622	2021/10	-	-	94,700	111,856	-	111,856
15	Nanjing Times Tianyue	Nanjing	25%	R/RE/S&O	54,311	2020/11	-	-	191,134	255,354	-	255,354
16	Nanjing South Riverside Peak	Nanjing	21%	R/RE	26,829	2021/06	9,709	79,578	5,585	79,194	-	88,903
17	Nanjing Zhenro East Mansion	Nanjing	100%	R	84,929	2022/01	-	-	181,134	212,689	2,702	215,391
18	Nanjing Zhenro Waterfront Mansion	Nanjing	51%	R/RE	36,292	2022/02	-	-	90,928	113,777	-	113,777
19	Nanjing Zhenro Joy City Mansion	Nanjing	49%	R	11,561	2022/02	-	-	34,507	44,779	-	44,779
20	Nanjing Zhenro Mist Mansion	Nanjing	100%	R/RE	34,696	2022/12	-	-	65,988	65,988	21,398	87,386
21	Nanjing Zhenro Begonia Mansion	Nanjing	100%	R	63,074	2022/12	-	-	124,222	124,222	26,108	150,330
22	Nanjing Zhenro Riverbank Mansion	Nanjing	50%	R/RE	40,522	2022/12	-	-	82,568	82,568	20,725	103,293
23	Chuzhou Zhenro Mansion	Chuzhou	40%	R/RE	80,867	2021/03	20,713	142,002	-	-	-	20,713
24	Chuzhou Time Elegance Garden	Chuzhou	50%	R	55,719	2021/12	-	-	112,012	129,689	-	129,689
25	Suzhou Yue Tang Bay Garden House	Suzhou	100%	R	105,210	2020/06	26,550	308,088	-	-	-	26,550
26	Suzhou Zhenro Jade Yue	Suzhou	50%	R	7,585	2019/04	6,014	14,226	-	-	-	6,014
27	Suzhou Zhenro Wind Mansion	Suzhou	38%	R	45,742	2021/10	-	-	120,474	130,510	-	130,510
28	Suzhou Zhenro South Wujiang Parcel	Suzhou	71%	R	50,058	2021/12	-	-	127,306	137,713	-	137,713
29	Suzhou Media Zhenro Spring Courtyard	Suzhou	26%	R/RE	26,480	2022/01	-	-	62,981	69,824	-	69,824

#	Project Names	City	Interest		Primary Intended Use ⁽¹⁾	Site Area (sq.m.)	Actual/Estimated Completion Date	Completed for		Total GFA Completed	Saleable GFA	Under Construction (sq.m.)	For Future Development (sq.m.)	Land Bank ⁽²⁾ (sq.m.)
			Attributable to the Group					Sale/Rent						
Properties Developed by the Group's Subsidiaries														
30	Zhangjiagang Tangsong Cloud Garden	Suzhou	51%		R/RE	76,416	2022/11	-	-	-	196,453	211,292	-	211,292
31	Suzhou Riverside Four Seasons Garden	Suzhou	50%		R	64,382	2022/10	-	-	-	76,772	78,803	55,111	133,914
32	Suzhou Zhenro West to The Moon	Suzhou	100%		R	31,176	2023/06	-	-	-	-	-	62,835	62,835
33	Suzhou Zhenro Riverside Garden	Suzhou	34%		R/RE	49,502	2022/11	-	-	-	95,121	108,581	-	108,581
34	Hefei City 1907	Hefei	25%		R/RE	111,380	2020/07	20,505	294,192	-	-	-	-	20,505
35	Hefei Binhu Zhenro Mansion	Hefei	100%		R	38,221	2021/03	-	-	-	92,548	94,888	-	94,888
36	Hefei Beicheng Zhenro Mansion Parcel No.7	Hefei	63%		R/RE	50,857	2022/08	-	-	-	135,878	135,878	2,369	138,247
37	Hefei Beicheng Zhenro Mansion Parcel No.8	Hefei	63%		R/RE	30,488	2021/11	-	-	-	79,949	79,949	1,222	81,171
38	Hefei Beicheng Zhenro Mansion Parcel No.10	Hefei	63%		R/RE	43,324	2023/08	-	-	-	29,393	29,393	89,647	119,040
39	Hefei Jade Zhenro Mansion	Hefei	100%		R/RE	58,464	2022/08	-	-	-	157,171	157,171	7,725	164,896
40	Hefei Zhenro Cifi Zhengwu Future	Hefei	54%		R/RE	107,128	2023/10	-	-	-	103,169	104,571	157,632	262,203
41	Lu'an Country Garden Zhenro North Phoenix Mansion	Lu'an	34%		R/RE	199,979	2023/07	-	-	-	179,287	179,287	365,899	545,186
42	Xuzhou Yunlonghu Zhenro Mansion	Xuzhou	75%		R	43,972	2022/12	-	-	-	67,665	82,729	15,064	97,793
43	Wuxi Zhenro Media Top of Clouds Mansion	Wuxi	51%		R/RE	38,401	2023/03	-	-	-	120,022	128,719	-	128,719
44	Wuxi Lake Heavens	Wuxi	25%		R/RE/S&O	62,563	2020/06	-	55,829	-	110,662	149,444	-	149,444
45	Suqian Zhongwu Zhenro Mansion	Suqian	100%		R/RE	112,213	2023/11	-	-	-	288,193	346,484	-	346,484
46	Fuyang Yingzhou Zhenro Mansion	Fuyang	100%		R/RE	192,371	2024/08	-	-	-	63,360	115,226	316,018	431,244
						3,056,482		304,313	3,144,985		3,535,626	4,069,849	1,144,455	5,518,618
						2,230,299		237,925	2,600,012		2,382,254	2,702,032	756,179	3,696,136
47	Zhengzhou Chengnan Zhenro Mansion	Zhengzhou	98%		R	212,099	2023/07	-	-	-	420,991	555,539	110,328	665,867
48	Zhengzhou Parcel No. 23	Zhengzhou	26%		R	49,924	2024/06	-	-	-	-	-	195,309	195,309
49	Zhengzhou Zhenro Joy East Garden	Zhengzhou	50%		R/RE	23,871	2022/12	-	-	-	82,265	111,099	-	111,099
50	Zhengzhou Zhenro Yushou Mansion	Zhengzhou	26%		R	54,041	2022/11	-	-	-	109,334	214,553	-	214,553
51	Zhengzhou Parcel No. 25	Zhengzhou	26%		R/RE	62,477	2023/05	-	-	-	179,918	252,545	-	252,545
52	Wuhan Zhenro Mansion	Wuhan	100%		RE/S&O	48,736	2021/12	27,069	166,986	-	26,791	26,791	-	53,860
53	Wuhan Panlong Zhenro Mansion	Wuhan	63%		R/RE	49,251	2021/12	-	-	-	201,285	204,349	-	204,349
54	Wuhan Guanggu Zhenro Mansion	Wuhan	63%		R/RE	46,463	2021/12	-	-	-	132,884	136,818	-	136,818
55	Wuhan Zhenro Yuelong Mansion	Wuhan	100%		R/RE	33,331	2023/03	-	-	-	-	-	131,986	131,986
56	Wuhan Zhenro Propitious Peak	Wuhan	51%		R/RE	15,476	2022/12	-	-	-	-	-	69,745	69,745
57	Wuhan Zhenro Yuejing Mansion	Wuhan	100%		R/RE	27,390	2023/05	-	-	-	-	-	89,170	89,170
58	Xiangyang Changtuo Zhenro Mansion	Xiangyang	51%		R/RE	68,554	2021/05	-	102,004	-	172,613	185,862	-	185,862
59	Xiangyang Zhenro Yue River Mansion	Xiangyang	100%		R/RE	20,142	2022/01	-	-	-	77,297	82,632	-	82,632
60	Changsha Zhenro Fortune Center	Changsha	100%		R/RE	145,220	2022/04	76,380	394,546	-	224,122	328,234	-	404,614

#	Project Names	City	Interest Attributable to the Group	Primary Intended Use ⁽¹⁾	Site Area (sq.m.)	Actual/Estimated Completion Date	Completed for Sale/Rent (sq.m.)	Total GFA Completed	Saleable GFA	Under Construction (sq.m.)	For Future Development (sq.m.)	Land Bank ⁽²⁾ (sq.m.)
Properties Developed by the Group's Subsidiaries												
61	Changsha Riverside Zhenro Pinnacle	Changsha	100%	R/RE/S&O	106,652	2022/10	-	-	215,844	283,339	41,691	325,030
62	Changsha Meixi Zhenro Pinnacle	Changsha	100%	R/RE/S&O	20,275	2021/09	-	-	216,671	216,671	-	216,671
63	Changsha Meixi Zhenro Mansion	Changsha	100%	R/RE	108,221	2020/09	2,376	335,827	-	-	-	2,376
64	Changsha Parcel No. 103	Changsha	100%	R/RE	80,888	2023/06	-	-	-	-	218,722	218,722
65	Changsha Zhongliang Zhenro Mansion	Changsha	51%	R/RE	80,802	2023/12	-	-	-	-	307,543	307,543
					1,253,813		105,825	999,362	2,060,016	2,598,430	1,164,494	3,868,749
					997,885		105,825	949,380	1,587,082	1,967,598	832,796	2,906,219
66	Xi'an Zhenro Rainbow Valley	Xi'an	100%	RE/S&O	30,422	2018/08	104,359	123,100	-	-	-	104,359
67	Xi'an Zhenro Mansion	Xi'an	100%	RE/S&O	39,322	2021/11	4,932	108,966	89,919	101,052	-	105,984
68	Xi'an Zhenro Daxing Mansion	Xi'an	94%	R/RE	15,586	2022/05	-	-	54,427	60,808	-	60,808
69	Xi'an Zhenro Pinnacle Phase 1	Xi'an	52%	R/RE/S&O	36,041	2022/08	-	-	93,176	143,143	-	143,143
70	Xi'an Zhenro Pinnacle Phase 2	Xi'an	97%	R/RE/S&O	75,748	2022/10	-	-	136,576	227,364	-	227,364
71	Chengdu Guihu Zhenro Mansion	Chengdu	100%	R	21,205	2021/09	-	-	56,127	60,934	-	60,934
72	Chengdu Dujiangyan Zhenro Yuefeng Mansion	Chengdu	100%	R/RE	48,140	2022/05	-	-	113,086	123,904	4,032	127,936
73	Chengdu Guihu Zhenro Mansion Phase 2	Chengdu	100%	R	20,179	2022/07	-	-	66,566	70,601	1,192	71,793
74	Chengdu Wuhou 44 Mu Parcel	Chengdu	100%	R	29,403	2023/06	-	-	-	-	95,376	95,376
75	Chongqing Yuexi Zhenro Mansion	Chongqing	100%	R	88,177	2022/11	-	-	186,702	191,087	-	191,087
76	Chongqing Zhenro Langji Yuejiang Mansion	Chongqing	51%	R/RE	46,757	2022/03	-	-	129,606	133,779	-	133,779
					450,980		109,290	232,066	926,184	1,112,673	100,600	1,322,563
					407,175		109,290	232,066	809,858	966,779	100,600	1,176,669
77	Tianjin Zhenro Jade Bay	Tianjin	100%	R/RE	127,697	2018/05	51,781	314,189	-	-	-	51,781
78	Tianjin Zhenro Mansion	Tianjin	100%	R/RE	129,309	2019/11	46,935	290,102	-	-	-	46,935
79	Tianjin Zhenro Zhengxing Pinnacle	Tianjin	100%	R/RE/S&O	18,190	2023/04	-	-	73,160	124,500	-	124,500
80	Tianjin Heshan Garden Heyuan (Parcel 41#)	Tianjin	100%	R/RE	50,458	2020/11	-	-	75,603	102,453	-	102,453
81	Tianjin Beicheng Zhenro Mansion	Tianjin	95%	R/RE	34,244	2022/06	-	-	68,650	97,488	800	98,288
82	Tianjin Zhenro Media Plum River	Tianjin	100%	R/RE	86,501	2023/08	-	89,253	148,359	-	148,359	-
					446,399		98,715	604,291	306,666	472,799	800	572,315
					444,687		98,715	604,291	303,234	467,925	760	567,400
83	Fuzhou Zhenro Fortune Center	Fuzhou	100%	R/RE/S&O	113,333	2017/12	77,696	394,464	-	-	-	77,696
84	Fuzhou Mawei Zhenro Fortune Center Phase 1	Fuzhou	100%	R/RE	67,032	2018/09	22,595	244,606	-	-	-	22,595
85	Fuzhou Zhenro Mansion	Fuzhou	100%	R/RE/S&O	66,872	2020/12	74,596	201,085	13,080	-	69,584	144,180
86	Fuzhou Mawei Zhenro Top Mountain	Fuzhou	100%	R/RE/S&O	25,027	2020/12	1,785	42,828	-	-	-	1,785
87	Fuzhou Zhenro Yue Lan Bay	Fuzhou	100%	R/RE	29,160	2020/03	2,353	94,767	15,558	-	-	2,353

#	Project Names	City	Interest		Primary Intended Use ⁽¹⁾	Site Area (sq.m.)	Actual/Estimated Completion Date	Completed for Sale/Rent (sq.m.)	Total GFA Completed	Saleable GFA	Under Construction (sq.m.)	For Future Development (sq.m.)	Land Bank ⁽²⁾ (sq.m.)
			Attributable to the Group										
Properties Developed by the Group's Subsidiaries													
88	Fuzhou Zhenro Yuejingtai	Fuzhou	100%		R	35,164	2023/08	-	1,618	151,074	151,074	-	151,074
89	Fuzhou Zhenro Mawei Sanjiang Habitat	Fuzhou	51%		R	36,014	2023/10	-	-	41,251	42,194	-	42,194
90	Fuzhou Yurong Zhenro Mansion 02	Fuzhou	100%		R/RE	68,079	2020/11	48,426	203,642	454	4,394	-	52,821
91	Fuzhou Yurong Zhenro Mansion 03	Fuzhou	100%		R	64,728	2021/12	-	-	188,079	195,708	-	195,708
92	Fujian Zhenro Yue Long Bay	Fuzhou	70%		R/RE	66,706	2020/06	58,584	179,745	-	-	-	58,584
93	Fuzhou Zhenro Yuerong Mansion	Fuzhou	80%		R/RE	61,510	2021/09	-	-	222,930	227,067	-	227,067
94	Fuzhou Zhenro Seascape Wonderland (Shanglan Mansion)	Fuzhou	27%		R/RE	33,436	2022/09	-	-	122,057	127,159	-	127,159
95	Fuzhou Riverview Zhenro Mansion	Fuzhou	80%		R/RE	110,191	2022/08	-	-	263,981	280,381	-	280,381
96	Fuzhou Zhenro Jucheng Jinshan Community	Fuzhou	70%		R	11,116	2022/05	-	-	31,966	32,563	-	32,563
97	Pingtan Zhenro Smooth Sea	Fuzhou	100%		R/RE	86,217	2018/01	1,261	353,481	-	-	-	1,261
98	Pingtan Zhenro Yue Lake Bay	Fuzhou	51%		R/RE	38,550	2019/12	6,370	137,351	-	-	-	6,370
99	Pingtan Zhenro Mansion Phase 1	Fuzhou	75%		R/RE	66,560	2020/06	98,332	180,928	-	58,692	-	157,024
100	Pingtan Zhenro Mansion Phase 2	Fuzhou	75%		R/RE	52,321	2022/06	-	-	147,113	196,716	-	196,716
101	Pingtan Lanwan Zhenro Mansion	Fuzhou	51%		R/RE	55,161	2021/09	-	-	143,249	194,792	-	194,792
102	Fuzhou Zhenro Begonia Riverview	Fuzhou	100%		R/RE	25,482	2022/05	-	-	-	-	81,657	81,657
103	Nanchang Zhenro The Capital of Great Loch	Nanchang	100%		R/RE	872,794	2017/06	19,139	1,427,727	-	-	-	19,139
104	Nanchang Jingkai Zhenro Mansion	Nanchang	100%		R/RE	103,413	2020/11	-	205,682	70,122	79,787	-	79,787
105	Nanchang West Lake Pinnacle	Nanchang	100%		R	7,049	2020/09	-	10,861	7,636	9,989	-	9,989
106	Nanchang Yuelong Mansion	Nanchang	25%		R/RE	36,587	2020/01	395	101,227	109	2,766	-	3,161
107	Nanchang Xinli Garden	Nanchang	39%		R/RE	90,420	2019/09	7,663	236,781	-	-	-	7,663
108	Nanchang Zhenro Huarun Linlong Mansion	Nanchang	48%		R/RE	72,103	2019/11	4,506	180,272	-	-	-	4,506
109	Nanchang Zhenro Yue Lan Bay Phase 1	Nanchang	100%		R/RE	55,635	2021/05	-	-	122,234	162,010	-	162,010
110	Nanchang Wanli Bay Mansion	Nanchang	26%		R/RE	22,841	2021/09	-	-	46,818	56,487	-	56,487
111	Nanchang Zhenro Zhong'ao Yuexi Mansion	Nanchang	32%		R/RE	39,116	2022/05	-	-	144,471	125,649	-	125,649
112	Nanchang Zhenro Jinmao Media Cloud Wonderland	Nanchang	34%		R/RE	53,563	2022/09	-	-	130,580	178,746	-	178,746
113	Nanchang Zhenro Vesture	Nanchang	99%		R/RE	58,730	2022/12	-	-	123,910	157,615	-	157,615
114	Nanchang Zhenro Yueyun Mansion	Nanchang	50%		R/RE	46,576	2023/08	-	-	89,906	93,153	-	93,153
115	Nanchang Zhaoshang Jinmao Zhenro Land of Cloud	Nanchang	34%		R/RE	101,483	2023/08	-	-	174,129	244,761	-	244,761
116	Ganzhou Zhenro Country Garden Jade Yue	Ganzhou	100%		R/RE	60,732	2021/05	34,277	124,551	-	33,844	-	68,121
117	Ji'an Country Garden Zhenro Lulin Mansion Phase 1	Ji'an	50%		R/RE	74,388	2020/11	3,140	64,568	95,212	128,601	-	131,742
118	Ji'an Country Garden Zhenro Lulin Mansion Phase 2	Ji'an	50%		R/RE	78,938	2020/12	-	70,036	82,121	126,165	-	126,165
119	Putian Riverside Zhenro Mansion	Putian	100%		R/RE	23,926	2020/06	2,748	63,442	-	-	-	2,748
120	Putian Zhenro Fortune Center	Putian	100%		R/RE/S&O	199,941	2022/08	211,812	893,657	44,521	129,814	-	341,626

#	Project Names	Interest		Primary Intended Use ⁽¹⁾	Site Area (sq.m.)	Actual/Estimated Completion Date	Completed for		Total GFA Completed	Saleable GFA	Under Construction	For Future Development	Land Bank ⁽²⁾ (sq.m.)
		Attributable to the Group	City				Sale/Rent	Sale/Rent					
Properties Developed by the Group's Subsidiaries													
121	Putian Zhenro Litchi Garden	100%	Putian	R/RE	35,268	2010/06	819	78,143	-	-	-	-	819
122	Putian Zhenro Times Plaza	100%	Putian	R/RE	118,943	2014/03	42,347	229,088	-	-	-	-	42,347
123	Putian Zhenro Royal Family	100%	Putian	R/RE	42,431	2016/10	4,663	95,542	-	-	-	-	4,663
124	Putian Zhenro Mansion	100%	Putian	R/RE	94,108	2019/12	13,751	293,655	-	-	-	-	13,751
125	Putian Zhenro Magnolia Pinnacle	100%	Putian	R/RE	33,283	2020/01	4,993	107,614	-	-	-	-	4,993
126	Putian Zhenro Habitat Phase 1	100%	Putian	R	79,698	2023/06	-	13,372	153,058	184,101	-	-	184,101
127	Putian Zhenro Habitat Phase 2	100%	Putian	R/RE/S&O	39,848	2020/12	-	104,173	7,952	7,952	-	-	7,952
128	Putian Royal Palace Zhenro Mansion	100%	Putian	R/RE	29,559	2021/11	-	-	65,600	80,838	-	-	80,838
129	Putian Royal Palace Zhenro Mansion Phase 2	100%	Putian	R/RE	22,667	2021/09	-	-	65,166	80,674	-	-	80,674
130	Putian Yuhu Zhenro Mansion	100%	Putian	R	18,981	2022/09	-	-	65,165	71,111	-	-	71,111
131	Putian Yuxi Zhenro Mansion	100%	Putian	R	16,116	2022/05	-	-	38,592	39,813	-	-	39,813
132	Putian Jiuxi Zhenro Mansion Phase 3	100%	Putian	R/RE	57,959	2023/07	-	-	175,439	182,835	-	-	182,835
133	Putian Zhenro Baitang Habitat Xiye	100%	Putian	R/RE	46,988	2022/12	-	-	134,505	144,251	-	-	144,251
134	Xiamen Zhongliang Zhenro Mansion	41%	Xiamen	R/RE	18,218	2022/09	-	-	117,326	117,326	-	-	117,326
135	Xiamen Xiang'an Zhenro Mansion	100%	Xiamen	R/RE	27,596	2023/09	-	-	-	-	-	114,173	114,173
136	Quanzhou Shishi Zhenro Mansion	100%	Quanzhou	R	33,942	2020/03	12,444	115,618	-	-	-	-	12,444
137	Quanzhou Zhenro Baogia Riverside Mansion	47%	Quanzhou	R/RE	59,486	2021/11	-	-	151,532	174,220	-	-	174,220
138	Quanzhou Jindong Zhenro Mansion	34%	Quanzhou	R/RE	57,632	2021/11	-	-	123,194	137,956	-	-	137,956
139	Jinjiang Zhenro Xunxing Century Spring	51%	Quanzhou	R/RE	34,124	2022/01	-	-	125,068	139,478	-	-	139,478
140	Quanzhou Jinjiang Zhenro Mansion	100%	Quanzhou	R/RE	104,664	2023/11	-	-	-	-	-	339,917	339,917
141	Zhangzhou Xihu Zhenro Mansion	26%	Zhangzhou	R/RE/S&O	59,573	2022/10	-	-	176,564	197,840	-	-	197,840
142	Yichun Zhenro Landscape Riverside	100%	Yichun	R/RE	138,667	2013/09	26	223,787	-	-	-	-	26
143	Yichun Zhenro Royal Riverside North 1	100%	Yichun	R/RE	29,106	2015/10	3,168	485,993	-	-	-	-	3,168
144	Yichun Jintou Zhenro Mansion	35%	Yichun	R/RE	55,227	2022/04	135	21,466	77,345	109,981	-	-	110,116
145	Yichun Zhenro Yuelinglong	100%	Yichun	R/RE	48,000	2022/02	-	-	96,300	136,403	-	-	136,403
146	Yichun Yuelinglong Phase 2	100%	Yichun	R/RE	49,205	2023/04	-	-	95,508	132,111	-	-	132,111
147	Yichun Zhenro Yango Feili Riverside Bay	100%	Yichun	R/RE	38,920	2023/04	-	-	76,864	106,308	-	-	106,308
					4,501,100		758,026	7,181,771	4,217,740	5,083,328	605,332	-	6,446,685
					3,781,654		703,774	6,619,809	2,950,553	3,574,013	605,332	-	4,883,118
148	Foshan Jinmao Country Garden Zhenro Mansion	17%	Foshan	R/RE	109,246	2020/10	-	-	346,864	346,864	43,512	-	390,376
149	Foshan Zhenro Newhope Jinzhou Mansion	51%	Foshan	R/RE	32,937	2022/11	-	-	90,694	121,373	-	-	121,373
150	Foshan Zhenro Jihua Lan Mansion	100%	Foshan	R/RE	51,189	2023/09	-	-	-	-	-	182,471	182,471
					193,373		-	-	437,557	468,236	225,983	-	694,220

#	Project Names	City	Interest Attributable to the Group	Primary Intended Use ⁽¹⁾	Site Area (sq.m.)	Actual/Estimated Completion Date	Completed for		Saleable GFA	Under Construction	For Future Development	Land Bank ⁽²⁾
							Sale/Rent	Total GFA Completed				
							(sq.m.)		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)
Properties Developed by the Group's Subsidiaries												
151	Shanghai BU Center	Shanghai	20%	RE/S&O	70,857	2022/06	-	-	342,820	348,062	-	348,062
152	Jiaxing Zhongnan Zhenro Haishang Mingyue	Jiaxing	50%	R/RE	33,424	2019/12	9,892	84,746	-	-	-	9,892
153	Jiaxing Cifi Light Blooming Land	Jiaxing	25%	R	58,321	2019/12	987	148,409	-	-	-	987
154	Jiaxing Shimao Shining Times	Jiaxing	30%	R	67,291	2020/01	44,638	202,686	-	-	-	44,638
155	Jiaxing Zhenro Jinmao Xiuhu Jinmao Mansion	Jiaxing	17%	R	72,100	2020/12	122,277	189,853	-	-	-	122,277
156	Nanjing Long Yue	Nanjing	33%	R	35,051	2021/03	-	-	90,932	113,619	-	113,619
157	Nanjing Zhaoshang Zhenro East Forwarding Mansion	Nanjing	49%	R/RE/S&O	90,981	2020/11	-	151,780	78,468	163,127	-	163,127
158	Nanjing Riverside Mansion	Nanjing	50%	R/RE	72,455	2022/11	-	-	183,305	185,976	5,356	191,333
159	Nanjing Hongyang Riverside Joy Mansion	Nanjing	49%	R	65,227	2022/12	-	-	145,758	156,292	-	156,292
160	Chuzhou Hongyang Times Billow Courtyard	Chuzhou	30%	R/RE	89,886	2020/07	23,037	198,455	-	-	-	23,037
161	Chuzhou Zhenro Splendid Mansion	Chuzhou	40%	R/RE	92,170	2023/06	-	-	-	-	210,130	210,130
162	Xuzhou Splendid Mountain Mansion	Xuzhou	33%	R/RE	147,532	2021/04	-	-	247,564	310,332	23,423	333,755
163	Xuzhou Jade Cullinan	Xuzhou	30%	R/RE	45,352	2021/12	-	-	130,581	135,709	-	135,709
164	Xuzhou Parasol Mansion	Xuzhou	25%	R/RE	166,471	2021/10	-	-	174,732	186,312	93,139	279,451
165	Suzhou Jinhui Zhenro Four Seasons	Suzhou	49%	R	32,044	2019/02	4,549	82,018	-	-	-	4,549
166	Suzhou Yuzhou Zhaoshang Shili	Suzhou	20%	R/RE	128,313	2020/09	50,298	350,418	-	-	-	50,298
167	Suzhou Lanxi Bay Garden	Suzhou	36%	R	66,738	2019/05	16,126	122,061	-	-	-	16,126
168	Suzhou Shanghu Masterpiece Garden	Suzhou	33%	R	46,004	2019/11	34,924	120,380	-	-	-	34,924
169	Suzhou Sea Times Garden	Suzhou	14%	R	69,206	2019/12	54,698	186,396	-	-	-	54,698
170	Suzhou Lake Yue Billow Courtyard	Suzhou	16%	R	59,235	2019/11	14,592	158,869	-	-	-	14,592
171	Suzhou Flavour Yue Four Seasons Garden	Suzhou	20%	R	56,479	2019/12	41,689	123,795	-	-	-	41,689
172	Suzhou Platinum Jade Mansion	Suzhou	25%	R	36,748	2020/11	125	61,541	6,512	24,106	-	24,231
173	Suzhou Girty Celebrity	Suzhou	13%	R	131,418	2020/10	-	-	158,155	240,548	-	240,548
174	Suzhou Tian Qin Elegance Garden	Suzhou	17%	R/RE	21,638	2019/10	5,556	48,926	-	-	-	5,556
175	Suzhou Cloudline Orchid Mansion	Suzhou	17%	R/RE	59,065	2021/01	-	-	142,635	173,310	-	173,310
176	Suzhou Cloudside Waterfront	Suzhou	14%	R	34,801	2019/09	35,775	85,783	7,792	7,792	-	43,567
177	Suzhou Asia Mansion	Suzhou	17%	R	65,378	2021/07	-	-	170,621	198,023	-	198,023
178	Suzhou Double Jade Mansion	Suzhou	32%	R	17,361	2020/06	7,885	49,402	-	-	-	7,885

Interest		Completed				Under Construction		For Future Development		Land Bank ⁽²⁾		
#	Project Names	City	Attributable to the Group	Primary Intended Use ⁽¹⁾	Site Area (sq.m.)	Actual/Estimated Completion Date	Sale/Rent (sq.m.)	Total GFA Completed	Saleable GFA	Under Construction (sq.m.)	For Future Development (sq.m.)	Land Bank ⁽²⁾ (sq.m.)
Properties Developed by the Group's Subsidiaries												
179	Suzhou Yingxi Four Seasons Garden	Suzhou	20%	R/RE	95,836	2022/03	-	-	277,130	281,134	-	281,134
180	Suzhou Jiangnan Cloud Chapter	Suzhou	41%	R/RE/S&O	62,582	2021/12	13,272	63,940	126,821	159,526	-	172,797
181	Suzhou Clouds of Riverside	Suzhou	24%	R	35,602	2023/07	-	-	120,646	135,034	-	135,034
182	Suzhou Zhenro Xiangshan Piedmont Garden	Suzhou	30%	R	39,098	2019/12	10,103	58,014	-	-	-	10,103
183	Hefei Zhenro Capital Yue	Hefei	65%	R/RE/S&O	120,705	2023/06	5,955	146,798	57,468	61,772	116,459	184,186
184	Hefei Country Garden Zhenro Jade Yue	Hefei	49%	R/S&O	44,787	2019/08	5,160	103,171	-	-	-	5,160
185	Hefei Century World	Hefei	33%	R/S&O/RE	130,918	2022/05	-	237,755	104,063	107,230	-	107,230
186	Hefei Joy River New Chapter	Hefei	27%	R/RE	67,834	2023/02	-	-	133,658	133,658	47,643	181,301
187	Lu'an Country Garden Zhenro South Phoenix Mansion	Lu'an	34%	R/RE	199,748	2023/06	-	7,800	186,460	186,460	272,019	458,479
					2,728,657		501,536	2,982,997	2,886,119	3,308,022	768,169	4,577,727
					834,353		117,126	894,966	845,448	972,842	298,589	1,388,557
188	Zhengzhou Cifi Zhenro Capital Mansion	Zhengzhou	24%	R/RE	69,439	2020/04	-	-	168,572	221,894	-	221,894
189	Xuchang Furongyue Mansion	Xuchang	32%	R/RE	20,994	2021/05	-	-	62,812	81,406	-	81,406
190	Wuhan Zhenro Pinnacle	Wuhan	50%	R/RE	136,139	2022/05	61,335	135,170	198,833	255,103	-	316,439
191	Wuhan Qingneng Zhenro Mansion	Wuhan	32%	R/RE	156,511	2022/01	-	-	562,996	572,666	6,007	578,674
					383,084		61,335	135,170	993,213	1,131,070	6,007	1,198,412
					141,570		30,668	67,585	340,233	390,240	1,922	422,830
192	Chongqing Central Jade Cloud	Chongqing	16%	R	150,048	2024/05	67,131	101,172	165,453	178,210	112,642	357,983
					150,048		67,131	101,172	165,453	178,210	112,642	357,983
					24,008		10,741	16,188	26,472	28,514	18,023	57,277
193	Tianjin Longfor Jasper Sky	Tianjin	13%	R/RE	149,245	2022/10	-	31,620	129,123	228,931	-	228,931
194	Tianjin Wisedom Luck Elegance Garden	Tianjin	14%	R/RE/S&O	45,511	2021/06	-	-	168,952	206,952	-	206,952
195	Tianjin Jiuhue Mansion	Tianjin	18%	R/RE	52,482	2020/12	-	-	176,008	242,060	-	242,060
196	Tianjin SCE Zhenro Yuejing Bay	Tianjin	33%	R/RE	38,670	2021/08	-	-	55,834	77,056	-	77,056
197	Tianjin Jinmen Zhenro Mansion	Tianjin	50%	R/RE	137,767	2021/10	-	-	156,920	219,240	34,410	253,650
198	Jinan Jade Yue	Jinan	25%	R/RE/S&O	57,785	2022/06	-	-	239,890	257,875	-	257,875
199	Jinan Zhenro Yuetang Garden House	Jinan	25%	R/RE/S&O	23,013	2022/09	-	-	91,360	96,731	-	96,731
200	Jinan Jiu Long Mansion	Jinan	33%	R/RE	101,792	2022/11	-	63,630	208,569	226,400	-	226,400
201	Jinan Phoenix First Mansion	Jinan	20%	R/RE	51,597	2021/11	-	-	179,940	177,130	-	177,130
202	Jinan Tianchen Mansion	Jinan	20%	R/RE	51,614	2021/07	-	-	180,198	179,998	-	179,998
203	Jinan Jingyue Mansion	Jinan	15%	R/RE	40,843	2021/09	-	-	104,136	112,139	-	112,139
204	Jinan Park Academy	Jinan	15%	R/RE	46,541	2021/05	-	-	125,249	136,843	-	136,843
205	Jinan Times Glory	Jinan	33%	R/RE	84,949	2023/12	-	-	136,036	148,731	108,693	257,424

#	Project Names	City	Interest Attributable to the Group	Primary Intended Use ⁽¹⁾	Site Area (sq.m.)	Actual/Estimated Completion Date	Completed for		Under Construction	For Future Development	Land Bank ⁽²⁾
							Sale/Rent	Total GFA Completed			
							(sq.m.)		(sq.m.)	(sq.m.)	(sq.m.)
Properties Developed by the Group's Subsidiaries											
206	Mawei Country Garden Zhenro Yue River Bay	Fuzhou	33%	R/RE	881,810		-	95,250	2,310,085	143,103	2,453,188
207	Mawei Country Garden Zhenro Yue Linglong	Fuzhou	20%	R	230,335	2020/12	-	24,740	553,328	52,715	606,043
208	Fuzhou Yangpo Poly Yuanxi Garden	Fuzhou	20%	R	77,113	2020/05	-	-	143,748	-	143,748
209	Fuzhou Zhenro Shimao Vesture Mountain South	Fuzhou	40%	R/RE	131,972	2020/04	-	-	158,846	-	158,846
210	Fuzhou Hubin Mansion	Fuzhou	32%	R/RE	50,789	2022/11	-	-	227,767	-	227,767
211	Nanchang Gendale Jinmao Zhenro Yue Prime	Nanchang	31%	R/RE	42,420	2022/11	-	-	145,676	15,021	160,697
212	Nanchang Cifi Zhenro Country Garden Cloud Over Mansion	Nanchang	33%	R/RE	65,914	2020/05	15,306	74,784	62,337	-	77,643
213	Nanchang Dongtuo Zhenro Mansion	Nanchang	40%	R/RE	27,980	2020/02	1,237	62,318	1,484	-	2,721
214	Ganzhou Country Garden Zhenro Cloud Piedmont	Ganzhou	50%	R/RE	50,811	2023/06	-	-	-	168,428	168,428
215	Ganzhou Zhenro Yuerong Mansion	Ganzhou	50%	R/RE	158,977	2019/11	35,452	362,653	82,527	-	117,979
216	Ji'an Zhenro Yangpo Wen Lan Mansion	Ji'an	48%	R/RE	32,740	2021/11	-	-	95,034	-	95,034
					82,468	2021/06	-	74,325	160,188	-	160,188
					768,385		51,994	574,080	1,206,037	183,449	1,441,480
					276,507		22,852	260,146	410,069	72,706	505,627
					4,911,984		681,996	3,888,669	8,133,423	1,213,371	10,028,790
					1,506,773		181,387	1,263,625	2,009,512	443,955	2,980,334
					14,814,130		2,058,167	16,051,144	21,938,739	4,455,035	28,451,940
					9,455,403		1,436,916	12,269,182	12,155,385	2,929,638	16,521,939

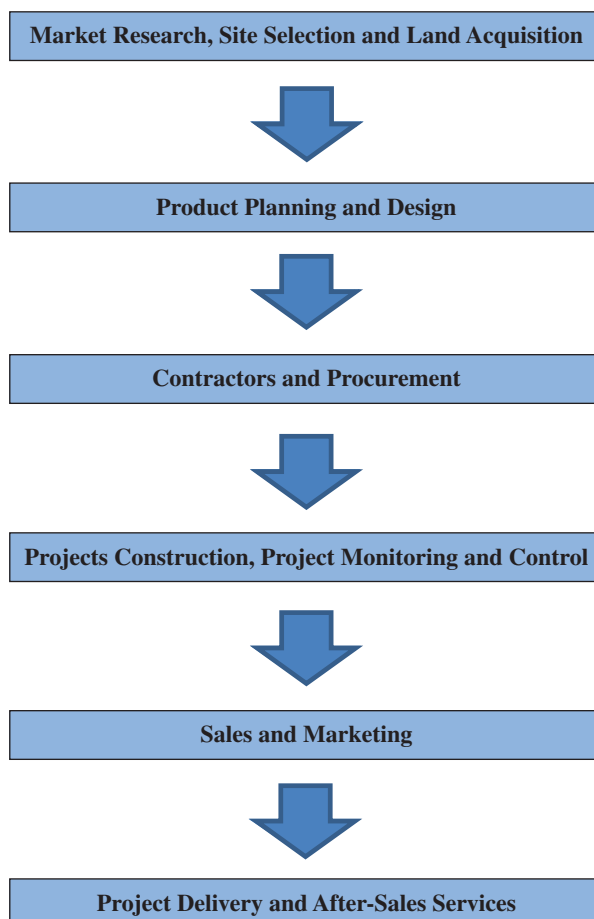
Note:

(1) R: Residential; RE: Retail; S: SOHO; O: Office; A: Ancillary Total GFA of the Group's land bank includes (i) GFA available for sale and total leasable GFA for completed properties, (ii) GFA for properties under development and (iii) GFA for properties held for future development. For projects that are not wholly owned by the Group, the attributable GFA will be adjusted by the Group's equity interest in the respective project.

OUR PROJECT OPERATION AND MANAGEMENT

Our Project Development Process

We have demonstrated strong execution capabilities and experience with the development of various types of property projects, ranging from large-scale residential properties to integrated mixed-use properties that include residential buildings, shopping mall(s), SOHO and office spaces and other surrounding commercial spaces. The diagram below set forth the major stages typically involved in our development of a property project:



Market Research and Site Selection

We typically select sites for the development of our projects in urban centers and central areas of newly developed districts in economically developed cities, as well as other cities in China that we believe have strong prospects for growth. Our market research efforts cover general studies on selected cities where we have operations or plan to expand into, and will include information and analysis on potential customers, customer demands and the availability and estimated cost of suitable land parcels in such cities.

Prior to acquiring a parcel of land, our management will consider key factors that influence the growth of the local property market and make an informed decision based on a feasibility analysis and research. The key factors we consider in site selection include, among others, the following:

- general economic conditions and development prospects of a city;
- income levels and purchasing power of local residents;
- population density of the city and the local areas, particularly the surrounding area within five kilometers from the target site;
- infrastructure, urban planning and the development plan of the local government;

- growth trend of the local property market;
- location of the site in the city, proximity to the city center and access to transport and public facilities;
- suitability of the site for our product positioning; and
- estimated development costs and time and expected investment returns.

We devote significant management resources to the site selection process, which involves collaboration among departments with different functions. Once an in-depth feasibility study of a targeted land parcel is available, our investment management center, product research and development department, marketing management department, cost management department, finance management center and operation management department, our local management teams of the relevant potential property projects, and as the case may be, our commercial asset management department and legal affair department, will participate into a feasibility study meeting to evaluate such investment opportunity. The results of such evaluation will then be submitted to our investment committee for consideration and final decision making. Our investment committee, which typically comprises our Chairman of the Board of Directors, our president, as well as the vice presidents of the relevant departments at our headquarters level, reviews and approves the potential property development.

Land Acquisition

Under current PRC laws and regulations, land use rights for the purpose of industrial use, commercial use, tourism, entertainment and commodity housing developments must be granted by the government through public tender, auction or listing-for-sale. We primarily acquire land for our projects through the listing-for-sale process organized by the relevant government authorities. When deciding to whom the land use rights should be granted, the relevant authorities may consider not only the bidding price, but also the bidder's real estate development experience, development track record, credit history, qualifications and development proposal in connection with their local zoning, urbanization and development plans. In addition, we also acquire land through auctions and public tenders.

We have also employed land acquisition strategies to acquire land at competitive costs by cooperating with third-party business partners through joint ventures and associated companies. As we believe that acquiring land parcels at competitive prices is critical to our development strategy, we will employ the acquisition strategy that we believe will best meet such goal.

In conjunction with the acquisition of land use rights from the PRC government, property developers in the PRC are required to pay a land grant premium to the relevant government authority and apply for a land use rights certificate (if applicable, a real estate rights certificate) conferring land use rights. In general, upon the payment of the land grant premium to the relevant land authorities, land use rights are granted for a term of 70 years for residential properties, 40 years for mixed-use complexes and 50 years for office complexes.

Project Planning and Design

We have strong in-house design capabilities with a dedicated product research and development department. We have established standardized designs, components and modules for our projects to ensure efficiency and cost control, while we adapt and revise these standard designs to our development projects, taking into account local esthetic preferences, government policies, product positioning and market conditions.

Our product design philosophy is to introduce customer-oriented designs that best suit the needs of our customers. We pay significant attention to details so that the design of our products will bring increased convenience and value-added experience to our customers based on their lifestyle and habits. For example, we design and develop community farm focusing on planting display, ecological education and community events in our residential property projects. Our first community farm, Zhenro Farm, which is located in Suzhou Zhenro Royal Kingdom and opened in 2015, communicates the value of nature and creates a healthy and happy urban community that is highly recognized by our customers. We are also actively engaged in designing indoor and outdoor health facilities for all ages and for all seasons. Moreover, unlike traditional entrance cabinets with shoe storage compartment in most other property developments, the standardized entrance cabinet system in most of our residential properties is designed for multi-function purposes, allowing our customers to place and storage handbags, keys, shoes and umbrellas, as well as to conceal meter box in the entry halls to optimize house design. We believe our attention to such planning and product innovations showcases our focus on our customers and that we strive to provide them with the best experience as to our products, which we believe also complement the value of our properties.

When developing a project, our product research and development department formulates the master planning and design specifications for the project under development. They ensure that the master design concept and design plan meet our internal design philosophy and standards and conform to our cost control and operational requirements. In addition, based on our product database, they collaborate with city and project companies, other relevant departments at our headquarters, and third-party architectural and design firms during the planning and design process to prepare more detailed architectural plans and design drawings.

We typically use a tender process on a project-by-project basis in selecting third-party architectural and design firms and request such potential firms to provide a proposal with a fee quote. In making our decision, we consider their proposed design concepts, former experience with major property developers, innovation capability, reputation for reliability and quality as well as our previous experience working with them and the price of their proposed services. We currently maintain strategic relationships with several leading third-party architectural and design firms, such as Aedas, EKISTICS, DLC and S.P.I. Landscape, and expect to deepen our cooperation with such firms in the future. These firms are architects and designers that we have previous working relationships with, are familiar with our product requirements and have illustrated strong design capabilities. As such, we believe these firms will be able to most efficiently assist us and reduce the overall timeframe required for product design and development.

Contractors and Procurement

Contractors and Sub-contractors

We outsource the construction work of our property development projects to qualified contractors. We usually engage a general contractor for the major construction of a project, including main structure construction, equipment installation and engineering work. Many of the general contractors we have worked with hold the Premium Grade Constructor Qualification in the PRC. We maintain strategic cooperative relationships with several leading domestic contractors in China, including China Nuclear Industry Huaxing Construction Company Limited. In addition, we also involve specialized contractors in specific areas, such as landscaping and foundation works. We believe that contracting our construction work could allow us to leverage the expertise of the construction contractors and minimize certain risks, such as risks from fluctuations in the cost of certain raw materials, and allow us to focus on our principal business of property development.

The tender process is managed by the cost management department at our headquarters and relevant regional management and project company level. We maintain a database of more than 100 approved qualified contractors from which we select to attend the tender process in accordance with relevant PRC laws and regulations. We conduct due diligence on major potential contractors, such as inspecting their credentials and on-site supervision of their offices and property projects, and only those contractors who have passed our due diligence are admitted to our database. We seek tenders from at least four contractors for one bid from our database of approved qualified contractors and conduct price and quality assessment on such contractors. In selecting the winning bid, we typically consider the contractors' professional qualifications, technical capabilities, industry reputation, construction team in charge of the potential project, track record and price.

General contractors and sub-contractors will enter into a construction agreement based on the standard template provided by the relevant government authority. Pursuant to such agreements, the general contractors and sub-contractors are obliged to undertake the entire construction work in strict compliance with laws and regulations as well as our design specifications and time schedules. In general, we pay the contractor 70% to 80% of the full contract price during the construction process by stage payments, according to the stages of construction process. We usually pay approximately 95% to 97% of the total contract price upon the completion of the project and settlement, while holding back the remaining approximately 3% to 5% as retention fee for quality warranties purpose. The construction contractors are generally required to provide us with a warranty period typically ranging from one to five years, for any losses we may incur as a result of not being able to meet contractually specified quality standards. The unused portion of the retention fee will be returned to the contractors after the warranty period has expired. We may also agree to settle the retention fee by installments over the warranty period. However, we will also be able to claw back any portion of such retention fee already remitted to the contractor to cover any losses that we may incur that is greater than the unremitted portion. In addition, under circumstances where the construction schedules are delayed for more than the period of time as stipulated in the agreements, we will also be entitled to a pre-determined amount as a penalty payment and, in some cases, we will have the right to terminate the agreements.

Procurement

We are responsible for purchasing certain specialized building materials and equipment such as doors, windows, and air conditioning systems directly from suppliers through tender processes. We typically procure materials from our database of approved qualified suppliers to ensure quality. Our database collects information as to such suppliers, including their quality of service and pricing, which are regularly reviewed and updated by us. We seek tenders from at least four suppliers for one bid from our database of approved suppliers and conduct price and quality assessment on these suppliers. In deciding the winning bid, we consider factors such as product and service quality and suitability of such suppliers to our potential projects and reputation.

Most building construction materials, such as steel and cement, are procured by contractors we engage, although we typically designate the brands and quality requirements of these construction materials as part of our construction agreements. With respect to most of our general contracting agreements, the construction contract price will be adjusted if the market price fluctuation of such materials exceeds a certain threshold typically 3% to 10% and we, as a result, will bear the risks or enjoy the benefits associated with such price increases or decreases outside this range. Our construction materials are primarily purchased from suppliers in the PRC.

Our construction management department at our headquarters and the individual construction management teams of our city and project companies oversee the quality of each project development, conduct monthly on-site inspection and pre-examine the construction materials before they are used in the projects. For certain specialized building materials and equipment we procure on our own, we do not generally maintain construction material inventory, but order these materials and equipment only on an as needed basis.

Project Construction

To comply with relevant PRC laws and regulations, before construction can commence, we must first obtain the development rights to the relevant land parcel and the necessary permits and certificates, which include the land use rights certificate (if applicable, the real estate rights certificate), the construction land planning permit, the construction work planning permit and the construction work commencement permit (which will only be issued after the land use rights certificate (if applicable, the real estate rights certificate), the construction land planning permit and the construction work planning permit are obtained). As of the date of this offering memorandum, except for the projects we had not commenced construction, we had obtained land use rights certificates and all relevant certificates (if applicable, real estate rights certificate) and permits as required by the PRC laws and regulations for all of our projects or project phases under development and projects held for future development.

Moreover, we are also required to commence construction of our developments within the time prescribed by PRC laws and regulations or otherwise our lands may be regarded as “idle land” and as a result we may be subject to certain penalties and the idle land might be resumed without any compensation. Under the Measures on Disposing of Idle Land promulgated by the MLR on April 28, 1999 and revised on June 1, 2012, “idle land” is defined as the granted state-owned construction land that (i) failed to commence construction

within one year from the construction date undertaken in its land grant contract; or (ii) its construction has been suspended for over one year and the area under construction is less than one third of the total area ought to be under construction or the invested capital is less than 25% of the total amount of capital ought to be invested. In the years ended December 31, 2018, 2019 and 2020, we did not hold any idle lands and were not required to forfeit any land or pay any idle land fee by the government authorities.

Project Monitoring and Control

Quality Control

High quality properties are critical to our reputation and business success. We have placed, and will continue to place, significant emphasis on quality control over our project development to ensure regulatory compliance and high quality residential products. Quality control starts with the selection of high quality construction contractors, and we have already established long-term relationships with several construction contractors. See “– Our Project Operation and Management – Contractors and Procurement – Contractors and Sub-contractors.” We inspect and review the qualification and performances of these contractors regularly to ensure they are performing up to our standards. We also perform extensive due diligence in the selection of other service providers as well, including external architectural and design firms, and raw material suppliers, based on factors such as their quality, reputation and track record.

We have also established a comprehensive set of standardized technical and quality control guidelines that provide detailed requirements as to quality control standards and specifications for all major aspects of our construction processes. To implement our quality control guidelines, we have established a three-tiered quality control system that governs each aspect of the development process. Our construction management and quality control teams at our project company, regional management and headquarters level are comprised of qualified engineers and construction technicians.

Progress Control

We have established a project schedule management system that specifies the timeframe in which each check point needs to be achieved during the project development process. We have integrated the project schedule management system into our IT system. This system automatically alerts the relevant departments and responsible staff and officers of the timeliness of their performance for each task. Any delay to a check point will draw the immediate attention of our management at our headquarters, so that our management are able to track and adjust such schedule in accordance with market conditions. Such project schedule management system enables us to monitor the pace of each project development in a timely manner and to quickly identify any potential delays to the final schedule. Once a delay to a check point is identified, our city and project companies and our construction management department at our headquarters will aim to implement remedial measures to shorten the time frame for future milestones to ensure that the overall project timeline will not be compromised or to reduce the impact of such delay. In addition, we provide detailed project construction timelines in our agreements with third-party construction contractors and will closely monitor to ensure that such timeline is met.

Cost Control

We have established a comprehensive cost management system to set the relevant budget for our projects, including how to assess the different cost components. For each project, the relevant city and project company, as approved by its general manager, shall prepare a master budget, which will be submitted to the cost management department and finance management center at the headquarters level and then ultimately approved by our chief executive officer.

We have established a dedicated cost management department at our headquarters to approve and monitor all construction and supplier agreements entered into. The cost management department reviews and ensures that the relevant contracted amount and payment schedule is in accordance with those set forth in our master budget. The agreements are recorded in our ERP system that forms part of IT system. The contract management system provides us with the capability to keep track of payment schedules which helps us to manage our payments and cash flow. Our finance management center and cost management department review and verify the actual costs incurred in detail and compare such costs with the master budget and with similar expenses incurred at our other projects on a monthly basis. We believe such cost control procedures enable our

management to identify and anticipate situations where actual cost may exceed the initially approved budget and to take the appropriate remedial measure in a timely manner as a result. In the event that the master budget for a project needs to be revised, approval from our senior management must be obtained. In addition to our cost control procedures, our centralized procurement of certain specified construction materials and equipment also contribute to our ability to control development cost.

Sales and Marketing

Sales and Marketing Efforts of Our Group

Our in-house sales and marketing team was established at both headquarters and the regional management level. The marketing management department at our headquarters is in charge of formulating marketing strategies and setting marketing goals, controlling project marketing control and budget and evaluating the performance of the local sales and marketing team. The sales and marketing teams designated by our regional management teams, on the other hand, are responsible for the formulation and execution of detailed project marketing plans. To ensure better management and quality control, the regional management teams, instead of the project companies, manage the sales and marketing of individual property projects.

We rely on the efforts of our own marketing management departments for the sale of most of our properties. We believe by establishing and strengthening our own sales and marketing team, and leveraging the supports of our other departments, we are better positioned to gain deeper understanding of the market in order to improve our marketing and pricing efforts, and better able to identify industry trends and customer demands that can benefit in optimizing our products. Furthermore, we believe the interest of our own sales and marketing team are better aligned with our Group as compared to external real estate sales agencies. Our sales and marketing personnel are incentivized by performance-based compensation packages. We believe we provide relative competitive incentives to our sales and marketing staff, which are based on the performance evaluation of the individual sales and marketing personnel and their marketing teams.

We occasionally engage third-party real estate sales agents depending on market conditions and our overall sales condition of the particular project to facilitate our sales and marketing efforts. These real estate sales agents promote our property projects through their own marketing networks and bring in potential customers in their database to our project sites. In consideration of their services, we typically pay a commission depending on the total sales amount they make.

Our marketing management department is generally involved from the early stage of project development to ensure that our property developments are well positioned and priced by providing valuable information relating to our target market, local pricing information, pricing of competitive projects, customers and estimated sales velocity. We conduct our marketing activities for a property development project in two key phases:

- The first phase begins with the construction commencement ceremony and marks the official launch of the marketing process for the relevant project. Our marketing and promotional programs at this stage include (i) establishing on-site sales office and (ii) advertising through a variety of media, including television, newspapers and magazines, point-of-sale materials, the Internet, mobile media and outdoor billboards. Our marketing goal is to promote market awareness of the project and to enhance our corporate image.
- The second phrase begins with initiation of pre-sale. Our marketing and promotional programs at this stage focus on more detailed property product introduction and open house events. We set up on-site reception centers to display model units of our projects and other detailed information about the development. The marketing and promotional goal is to attract potential purchasers and to stimulate interest in various types of properties in the project.

Pre-Sale

We generally commence the pre-sale of our properties prior to completion of construction. Prior to starting pre-sale, we will complete and stage select demonstration units and display areas in order to provide visual presentations to our customers as to the quality of our products. We launch pre-sale upon the receipt of pre-sale permits in accordance with the PRC laws and regulations. Amongst others, we must fulfill the following conditions before we can obtain the pre-sale permits:

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

For the years ended December 31, 2018, 2019 and 2020, we did not experience any significant delays in obtaining the pre-sale permits.

In addition, property developers are also required to use a standard pre-sale contract prescribed by the relevant local authorities. In accordance with the requirements of applicable PRC laws and regulations, we register such pre-sales with the relevant local authorities and provide warranties on the quality of properties we sell to our customers for periods shorter than that for the quality warranties we receive from our construction contractors under the relevant construction contracts.

Pricing Policies

Prior to the launch of our sales efforts for a project, we establish the overall marketing budget, overall sales targets for each project and target ASPs based on our total costs incurred and our target probability levels. Total costs incurred include all costs incurred in relation to the construction of the property development project, including land costs, construction costs, marketing costs and capitalized finance costs. A premium will be added based on our target rate of return, overall sales target for each project and the competitive landscape.

Due to the highly competitive and evolving nature of the real estate industry in China, we are required to constantly monitor the changing market condition and adjust the sales prices of our projects as appropriate. We have adopted a dynamic realizable-market-value-based inventory management approach in the entire life cycle of a property project, focusing on maximizing returns for our property projects, optimizing cash position and responding quickly to market changes. As part of our overall goal and strategic plan, we set annual targets as to the total sales price and revenue for all of our property projects, which are based on our development plan, estimated cash flow, market prospects, estimated costs and profit target. In accordance with such targets, we manage our property inventory position on the basis of their realizable market value. Accordingly, we establish additional or adjust our investment plans and product positioning, design, sales price and marketing approach in view of such estimated realizable market value. In particular, although sales targets are set at our headquarters, we empower a senior management team in each city which performs regional management functions with the ability to adjust sales price for our projects based on changing market conditions due to their familiarity with the local property markets. For example, rather than becoming fixated on a pre-determined price levels, in times of market downturn and subject to approvals of our headquarters, such regional management teams can quickly adopt discounts and other incentive measures to promote our properties as to ensure a healthy cash flow while maintain revenue generating. On the other hand, in more robust markets, these regional management teams are able to quickly increase the sales price for our properties to keep abreast of the developing market situations. Such ability to adjust our inventory status, sales price and cash flow to proactively respond to trends in local property markets has enabled us to maintain profitability.

As part of our marketing efforts, we offered discounts to customers who pay the property price in full upon signing the formal sale and purchase agreement without mortgage, and customers who purchase more than one property or have multiple purchase records. We believe the above discounts were effective in attracting potential customers and improving our profitability in general and we consider that the discounts granted were in line with the then prevailing market practice.

Payment Arrangements

Our customers can make the payment in one lump sum by cash, or by installment payments with mortgage financing. We typically asked our customers to pay a non-refundable deposit before entering into the sales or pre-sale contract. The deposit will be forfeited if the customer decides not to sign the formal sales or pre-sale contract. The deposit will be deducted from the purchase price if the customer later opts to settle the payment in full. If a purchaser chooses to make a lump-sum payment, the balance of the purchase price is to be paid no later than the date specified in the sale and purchase agreement. We usually require customers to pay 30% of the total purchase price on the contract date and to settle the remaining 70% within one month after entering into the sales or pre-sale contracts.

Customers may also choose to fund their purchases using mortgage loans provided by commercial banks. In this case, they will be required to pay a non-refundable down payment of approximately 20% to 70% of the purchase price upon entering into the sales or pre-sale contracts in accordance with the terms stipulated in the contract, depending on whether it is their first mortgage for residential properties, and at least 50% of the purchase price for commercial properties. The mortgage bank will normally pay the remainder of the purchase price within one to three months, depending on the approval process of relevant mortgage banks. Under the relevant PRC laws and regulations, our customers may obtain mortgage loans with a repayment period of up to 30 years. If the remainder of the purchase price is not covered by the mortgage banks, these customers must pay to us the outstanding balance of the purchase price.

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

As of December 31, 2018, 2019 and 2020, our outstanding guarantees over the mortgage loans of our customers amounted to RMB32,844.4 million, RMB36,516.9 million and RMB32,161.3 million (US\$4,928.9 million), respectively. In case our customers default under the formal sale and purchase agreement entered into at pre-sale for properties pre-sold which were financed by bank mortgages, we, as the guarantor for the purchasers' mortgaged loan, are required to repay all amounts due under the mortgages owed by the purchaser to the mortgage bank. Generally, upon the defaults of the purchaser, the mortgagee bank would initiate legal proceedings against the purchaser for the mortgage loan and apply the proceeds from sale of the mortgaged property by auction in the payment of amounts due under the mortgage. Accordingly, if the proceeds of the sale of the mortgaged property by auction are not enough to cover the amounts due under the mortgage, we, as the guarantor for the purchasers, would need to pay any short-fall to the mortgage bank.

In the case of a customer default, we are entitled to forfeit the deposits paid by the purchaser and foreclose on the relevant property. Moreover, if a customer defaults on payment of its mortgage, the mortgagee bank may deduct the payment due from the deposited sum and require us to repay the entire outstanding balance of the mortgage pursuant to the guarantee and we also have the right to terminate the sale and purchase agreement with the defaulting customer. Upon fulfillment of our obligations under the guarantee, the mortgagee bank would then assign its rights under the mortgage to us and we would then have full recourse to the property. We believe that our guarantees on the mortgage loans of our purchasers are over-secured as we believe the aggregate fair value of the underlying properties exceeds the aggregate amount of outstanding guarantees.

Project Delivery and After-Sales Services

Project Completion and Delivery

We strive to deliver completed properties to our customers within the time frame prescribed in the respective pre-sale or sale and purchase contracts. Before delivery of properties to our customers, we may obtain the relevant completion certificate (房屋建築工程竣工驗收備案表) or other certificates as required under the respective sales contracts as well as the local laws and regulations. See “Regulation – Real Estate Transactions – Sale of Commodity Properties” for further details. It typically takes approximately one to two years from the commencement of pre-sale to the date of the completion certificate, depending on the scale of the properties.

To help ensure timely delivery of our properties, we closely monitor the progress of construction of our projects and conduct pre-delivery property inspections. Our construction management department and customer relationship department jointly inspect the properties prior to delivery to ensure that our quality standard has been met. Our staff will notify our customers in writing before the delivery date stipulated in the sale and purchase agreements to arrange the delivery procedures.

We will assist our customers in obtaining their individual property ownership certificates by providing all requisite information to the local authorities for registration. The local authorities will then grant an individual property ownership certificate or a real estate rights certificate for each property unit afterwards.

We do not conduct independent credit checks and due diligences as to our purchasers when providing guarantees but instead rely on the credit checks conducted by the mortgagee banks, and will typically require a higher initial payments to purchasers with less than ideal credit histories or purchasers whose mortgage is considered too high as compared to their income. In addition, for certain purchasers that have been delinquent in their other financing obligations, we may refuse to provide guarantees for their mortgage loans. In accordance with the sale and purchase agreements, we have taken measures including negotiation and litigation to recover damages due to the buyer’s breach of the formal sale and purchase agreements. Upon executing the formal sale and purchase agreements, customers are required to pay in full the total purchase price.

According to our accounting policies, our revenue is recognized when the properties are delivered to our customers. The recognition of our revenue from sale of properties is not subject to the grant of the property ownership certificates or real estate certificates to our customers.

Our customer relationship department and the property management company we engage are responsible for after-sales services. We aim to resolve our customers’ queries in relation to property construction in a timely manner.

Warranties

We provide our customers with a warranty for the quality of the structure of the building pursuant to the Measures on the Sales of Commodity Housing (商品房銷售管理辦法) and Regulations for the Operations of Urban Property Development (城市房地產開發經營管理條例). In addition, we also provide quality warranties for certain fittings and fixtures, if applicable, usually for a period of two years, according to the published national standards.

In particular, we provide the following warranties, amongst others, for our residential properties:

- warranty as to the foundation and main structure of the properties for the period designed for reasonable use of the relevant properties;
- five-year warranty for defects relating to the waterproofing of property surfaces;
- five-year warranty for defects relating to the waterproofing of bathrooms, rooms and walls;
- two-year warranty with respect to the heater and air conditioner systems;
- two-year warranty with respect to the electricity, sewage pipes and equipment installment; and
- two-year warranty with respect to the refined decoration work.

All warranty periods commence on the day of actual delivery of the relevant properties, or the day the properties are deemed as delivered in accordance with relevant contracts. We do not provide warranties with respect to defects that are caused by third parties or improper use and defects resulting from natural disasters. We usually provide quality warranties for periods no shorter than that for quality warranties we receive from our construction contractors under the relevant construction contracts. Our construction contractors are responsible for warranties in respect of the relevant quality standards and for the costs incurred for the relevant maintenance work. We do not maintain provisions with respect to warranties.

In general, we allow for returns of our properties in circumstances where there are material delays in the delivery of our properties which exceed the periods stipulated in the relevant sales and purchase agreements, material quality defects with respect to our properties, material changes made by us to the design of the properties which result in changes in areas such as property layout, spatial dimension and orientation, and material discrepancies in the GFA of our properties delivered as compared to the GFA stipulated in the sales and purchase agreements.

We may receive customer claims in relation to the quality of real properties that we developed from time to time. Generally, we coordinate with the relevant third-party contractors to respond to such customer claims. Relevant third-party contractors shall be responsible for the repair or maintenance at their own costs subject to the warranties provided in the agreements that they entered with us. In the years ended December 31, 2018, 2019 and 2020, we have not been involved in any material claims or received any material complaints with respect to the quality of our building structures or other fittings which cannot be rectified by the relevant contractors in accordance with their warranty provisions of the relevant contracts.

After-Sales Services

We rely on our customer relationship department and relevant property management companies we engage to provide after-sale services. Our customer service team is also responsible for collecting and analyzing customer data through customer satisfaction surveys in order to improve service quality, identify customer preferences and provide such feedback to the construction management team to improve our operation, including project design and marketing strategies.

We have also established a membership program “Zhenro Club (正榮會)” in certain of our properties in which purchasers of such property are automatically enrolled with. We believe the membership program enables us to establish better relationships with customers, build customer loyalty, foster brand awareness, better solicit timely customer feedbacks and also to better handle our ability to customer complaints.

In addition, we are also subject to customer complaints in relation to the delay in delivery of property title documents subject to the purchase agreements entered into with our customers and mortgage agreements entered into with our customers, the commercial banks and us, due to various reasons, including longer time required for completing the relevant procedures than expected or delay in commencing the relevant procedures, such as the examining procedure by the relevant land use right authorities and the registration, approval and certificate production procedures by the relevant property right authorities. We have increased our communication with the relevant government authorities to actively follow up on the status of certificate applications, aiming to speed up the registration and approval process. Except as otherwise disclosed in the prospectus, we believe that we are able to timely apply for and deliver the property title documents to our customers pursuant to relevant purchase agreements and mortgage agreements, which in turn efficiently reduces the number of customer complaints relating to the delay in delivery of property title documents.

MANAGEMENT OF COMMERCIAL PROPERTIES

Our Commercial Properties

We have developed and maintained commercial and mixed-use property portfolios of three product lines, as follows:

Product Line	Features
Zhenro Center series (正榮中心系列)	<ul style="list-style-type: none">• <i>Positioning:</i> Urban shopping malls to provide a comprehensive shopping, dining, entertainment, leisure and other lifestyle solution to our customers of all ages whereby they can make a wide range of purchases and pursue a variety of activities in a modern, comfortable and relaxing environment.• <i>Floor area:</i> GFA ranging from 80,000 sq.m. to 100,000 sq.m.• <i>Examples:</i> Putian Zhenro Fortune Center, Fuzhou Zhenro Fortune Center and Changsha Zhenro Fortune Center.
Neighborhood series (鄰舍系列)	<ul style="list-style-type: none">• <i>Positioning:</i> Community commercial facilities to improve life quality of people, which are typically adjacent to office complexes and other residential and commercial properties with differentiation.• <i>Floor area:</i> GFA ranging from 50,000 sq.m.• <i>Examples:</i> Putian Zhenro Times Plaza and Xi'an Zhenro Jingheng Square.
Zhenro Street series (正榮街系列)	<ul style="list-style-type: none">• <i>Positioning:</i> Commercial premises in the ground floor or commercial blocks in a community to provide a convenient shopping, dining and other lifestyle solution to family households in the adjacent residential properties.• <i>Floor area:</i> GFA ranging from 20,000 sq.m. to 50,000 sq.m.• <i>Examples:</i> Commercial facilities located in Nanchang Zhenro Mansion.

Our Investment Properties

We hold and operate a portion of our commercial properties for long-term investment purposes. We currently hold as investment properties the commercial spaces of our shopping malls at the commercial or mixed-use complexes we developed to diversify our investment portfolio and increase the value of the other properties for sale in these complexes. We determine whether our properties will be sold or retained for investment purposes in the early stages of development for each of our projects, by taking into consideration various factors such as location, land use plans, regional market conditions, supporting commercial facilities and our commercial interests. Although we currently focus on the development of residential properties for sale, we will in the future increase our investment property portfolio in response to changing market conditions and customer demand.

As of December 31, 2020, we had seven completed investment properties, all of which are mixed-use complexes we developed and are in operation and open to the public. In addition, as of December 31, 2020, we had 7 investment properties under construction or held for future development, which are expected to be completed and commence operation in the next three years.

The following table set forth our investment properties under development or held for future development as of December 31, 2020.

City	Project Name	Estimated Construction Completion Date	Estimated Total GFA
Shanghai.....	Shanghai Hongqiao Zhenro Fortune Center	2021	106,000
Nanjing.....	Nanjing Zhenro Center	2021	128,000
Tianjin.....	Tianjin Nankai Project	2021	20,000
Shanghai.....	Shanghai Jinshan Project	2021	26,000
Yichun	Yichun Jintou Project	2022	10,000
Nanchang.....	Nanchang Zhenro Mansion	2022	18,000
Changsha	Changsha Zhenro Mansion	2022	21,000

Built-to-Suit Management Model and Pre-Leasing

We have developed an “built-to-suit” management model for our commercial or mixed-use properties. We begin to obtain pre-leasing commitments prior to the commencement of construction of a shopping mall. This model enables our tenants to maximize their ability to customize their leased spaces during the construction of the development projects to best suit their needs. In order to satisfy the tenants’ need for the relevant spaces, our product research and development department and commercial assets management department work together closely with tenants to ensure that the products we deliver are aligned with their requirements.

Under our built-to-suit management model, for a new project, we first produce a general distribution blueprint and construction plan at the initial planning and design stage. After the general layout is completed, we formulate and determine the strategic position of individual stores. We invite potential tenants to participate in our tender process and the winning bidders will pay deposits for them to become the “anchor tenants” or “sub-anchor tenants” of our development projects. These tenants are typically well-known brands or stores that take up an area of at least over 400 sq.m. in GFA, depending on the total floor area of each shopping mall. We then communicate with potential anchor or sub-anchor tenants to understand their specific requirements and needs. Based on communication with these potential tenants, we then tailor a more detailed blueprint layout as to tenant mix and store positioning. Shortly before the construction is completed, we will typically enter into formal leasing contracts with the winning bidders. Our built-to-suit management model has allowed us to effectively secure a significant portion of leasing commitments from anchor tenants and sub-anchor tenants before commencement of operation of our shopping malls. For example, as of December 31, 2020, we achieved an overall occupancy rate of over 90% of our commercial or mixed-use properties.

Lease Agreements

Our investment properties generally have lease-term range from three to five years. Some of our leases are at a fixed rate with also a performance premium component. Leases are generally calculated as the higher of (i) fixed rates during a pre-determined period that then escalates based on an agreed upon rate through the remainder of the lease term, generally through an annual percentage increase; or (ii) performance premiums calculated based on a pre-determined percentage of the retail gross revenue of the tenants.

To maintain the competitiveness and profitability of our investment properties, we closely monitor the operation and performance of individual stores to assess their appeal to customers and their ability to pay rents on time. Our system is able to connect to the point-of-sale systems of our tenants and monitor in real time the performances of each store. We also review the performance of our tenants on a monthly basis. We may propose lease adjustment during the negotiations for the renewal of lease contracts with our tenants based on our tenant’s performances.

Selection, Merchandizing and Management of Tenants

To maintain a high-quality tenant base, we have established and maintained a database which consists of quality brands selected from marketing events and historical business relationships and which serves as the primary source for potential tenants. Our commercial assets management department and commercial property management companies are responsible for managing such database, including conducting the annual evaluation, grading, addition and removal of brands in the database.

Marketing and Promotion

To maintain a high occupancy rate of our shopping malls opened and expected to open, we have formulated a set of marketing strategies and developed activities using internal sources and external sources to promote our commercial and mixed-use properties and attract visitors, including:

- advertising through a variety of media, including television, newspapers and magazines, point-of-sale materials, the Internet, mobile media, outdoor billboards and new media;
- host grand opening ceremony, car exhibitions, magic shows and other major events, shows and performances at our investment properties; and
- establish various experience stores or spaces including children's parks, aquarium, and bird's forests which aim to offer unique immersion experience for visitors.

Property Management of Our Commercial Properties

In addition to the lease of our investment properties, our commercial property management subsidiaries provide property management services to commercial properties we developed. We collect a management fee based on their relative location, usage and usable GFA.

SUPPLIERS AND CUSTOMERS

Our major suppliers are construction material suppliers and construction contractors. We depended on a limited number of major suppliers to operate our businesses. Some of our general contractors and sub-contractors are local level operating entities owned or controlled by group companies in China. Although we transacted with such local level operating entities on an individual basis, we aggregated the purchases from such entities and counted the relevant group companies as our major suppliers. As such, our five largest suppliers accounted for approximately 27.8%, 42.1% and 44.6% of our total purchases for the years ended December 31, 2018, 2019 and 2020, respectively. Our single largest supplier for each of the years ended December 31, 2018, 2019 and 2020 accounted for approximately 14.0%, 15.9% and 13.8% of our total purchases, respectively.

COMPETITION

The property market in China is highly fragmented and competitive. Our existing and potential competitors include major domestic developers and, to a lesser extent, foreign developers primarily from Asia, including leading developers from Hong Kong, who have business operations in cities where we operate or intend to operate. We compete with them in relation to a number of factors, including land acquisition, brand recognition, financial resources, prices, product quality, service quality and other factors. Some of these competitors may have better track records, greater financial, human and other resources, larger sales networks and stronger brand recognition.

In particular, the residential property market in the regions in which we focus, namely the Yangtze River Delta Economic Region, the Midwest China Economic Region, the Bohai Economic Rim, the Western Taiwan Straits Economic Zone and the Pearl River Delta Region have been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development markets in first-and second-tier cities in these regions. The rapid development of these major cities in recent years has led to a diminishing supply of undeveloped land in desirable locations in the first-and second-tier cities in these regions. Moreover, the PRC government has implemented policies to tightly control the amount of new land available for development. These factors have increased competition and land grant premiums in relation to land made available for development.

We believe that the major competitive factors in the residential property development industry include the geographic location, management expertise, financing, access to transportation infrastructure, size of land reserves and land bank, product quality, brand recognition by customers, customer services and support, pricing and design quality.

We believe that, with our proven property development capabilities, balanced investment portfolio and customer-oriented product offerings, we have demonstrated resiliency to market changes and competition. Further, given our premium brand and strong execution capabilities, we believe we can react promptly to the challenges in the PRC real estate market.

INTELLECTUAL PROPERTY

We place emphasis on developing our brand and have extensive trademark registrations to protect all respects of our brand. We conduct our business in the PRC under three trademarks transferred from Zhenro Group Company as part of the Corporate Restructuring. We also have three trademarks registered in Hong Kong. In addition, we have registered the domain name of zhenrodc.com for the website of our Group on the Internet.

As of the date of this offering memorandum, we were not aware of any infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us.

INSURANCE

There are no national mandatory provisions under the relevant PRC laws and regulations requiring property developers to maintain insurance coverage with respect to their property development operations. We do not maintain any insurance policies for our residential property development projects. We generally maintain property insurance for our commercial property projects held for investment. In addition, we require the general contractors of our development projects to maintain insurance policy in accordance with the contracting agreements.

We believe our practice is with industry norms. However, there are certain risks for which we are not insured, and we may not have sufficient insurance coverage for damages and liabilities that may arise in the course of our business operations. See “Risk Factors – Risks Relating to Our Business – Current insurance coverage may not be adequate to cover all risks related to our operations” for further details.

INFORMATION TECHNOLOGY

We rely on the effective operation of our IT systems for our business operations. Our IT team under the general management department is responsible for developing and maintaining an IT system that keeps pace with the expansion of our business and is customized to meet our business needs. The centralized IT system is controlled and operated from our headquarters.

We face increasing security risks and threats from cyber-attacks with respect to our IT systems. We require our staff to follow our management guidelines on our IT system and safeguard information in the system. To help combat such attacks, we have also established emergency recovery systems, keep regular backups of all the data in the system and are equipped with efficient anti-virus software. In addition, we conduct regular reviews of our IT system and perform the necessary upgrades to prevent and address potential attacks. For example, our information security team schedules practice drills to ensure the continuous smooth operation of our IT system in the long term.

EMPLOYEES

As of December 31, 2020, we had 1,902 full-time employees.

We actively recruit skilled and qualified personnel in local markets through various channels, such as on-campus recruitment programs, recruiting firms, internal referrals and advertisement on the Internet. We particularly value employees who demonstrate loyalty to their work and who values our corporate culture, as well as those with relevant working experience. We have also established systematic training programs for our employees, such as management as well as marketing and sales personnel, based on their positions and expertise.

We offer our employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments and year-end bonuses. We also contribute to social insurance for our employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds. Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements.

As of the date of this offering memorandum, we have not encountered any incident or complaint which has had a material adverse effect on our operations.

ENVIRONMENTAL MATTERS

We are subject to certain environmental protection laws and regulations, including those relating to air pollution, noise emissions and water and waste discharge. Each of our property development projects is required under PRC law to undergo environmental impact assessments. We must submit the relevant environmental impact study or report to the environmental authorities, along with other required documents, for evaluation and approval by the authorized environmental protection administrations. The approval from the relevant government authorities will specify the standards applicable to the implementation of the construction project with respect to areas such as air pollution, noise emissions and water and waste discharge. Such measures are required to be incorporated into the design, construction and operation of the particular project. Upon the completion of each project, the relevant government authorities will also inspect the site to ensure that all applicable environmental standards have been complied with before the property can be delivered to the purchaser.

We take specific measures to ensure our compliance with the applicable environmental laws and regulations, including: (i) strictly selecting construction contractors and supervising the process of construction; (ii) applying for review by the relevant government authorities in a timely manner after the project is completed; and (iii) actively adopting environmentally friendly equipment and designs. We also take voluntary actions with respect to environmental protection and make energy conservation and emission reduction top considerations when designing our property projects.

As of the date of this offering memorandum, none of our properties had received any material fines or penalties associated with the breach of any environmental laws or regulations since the commencement of their operations.

LEGAL PROCEEDINGS

We have been involved in legal proceedings or disputes in the ordinary course of business, including claims primarily relating to disputes arising from agreements with third party contractors and suppliers, property purchase agreements with our customers and our guarantee of mortgage agreements entered into between our customers and mortgage banks.

As of the date of this offering memorandum, except as disclosed above, there is no material legal proceedings or claims currently existing, pending or threatened against any member of our Group. However, we cannot assure you that material legal proceedings, claims or disputes will not arise in the future. See “Risk Factors – Risks Relating to Our Business – We may be involved in legal and other disputes from time to time arising out of our operations, including any disputes with our contractors, suppliers, employees, tenants or other third parties, and may face significant liabilities as a result.”

REGULATION

The following is a summary of PRC laws and regulations relating to the various aspects of the property sector in China, including:

- Establishment of property development enterprises;
- Foreign-invested property development enterprises;
- Qualifications of property developers;
- Development of property projects;
- Property transactions;
- Property financing;
- Insurance of property projects;
- Major taxes applicable to property developers;
- Measures on stabilizing housing prices;
- Environmental protection;
- Overseas listing; and
- Foreign exchange control.

ESTABLISHMENT OF PROPERTY DEVELOPMENT ENTERPRISES

Pursuant to the Urban Property Administration Law of the PRC (《中華人民共和國城市房地產管理法》) (Decree No. 72 of the President) (the “Urban Property Law”) promulgated by the Standing Committee of the National People’s Congress on July 5, 1994, which became effective on January 1, 1995 and was amended three times on August 30, 2007, August 27, 2009 and August 26, 2019, a property development enterprise (or “property developer”), is defined as an enterprise which engages in development and sales of property for the purpose of making profit.

Pursuant to the Regulations on Administration of Development of Urban Property (《城市房地產開發經營管理條例》) (Decree No. 248 of the State Council) (“Development Regulations”) promulgated by the State Council, which became effective on July 20, 1998 and was amended on January 8, 2011, March 24, 2019 and March 27, 2020, and November 27, 2020 respectively, an enterprise which is to engage in the development of property shall satisfy the following requirements:

- it shall have registered capital no less than RMB1,000,000; and
- it shall have at least four full-time professional property/construction technicians and at least two full-time accounting officers, each of whom shall hold the relevant qualification certificate.

Pursuant to the Development Regulations, the local people’s government of a province, autonomous region and/or provincial-level municipality may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a property developer.

Pursuant to the Development Regulations, application for registration shall be submitted to the department of administration for industry and commerce for the establishment of a property development enterprise. The property developer must file for record with the property development authority in the location of the registration authority, within 30 days of the receipt of its business license.

Pursuant to the Notice of the State Council on Adjusting the Capital Ratio for Fixed Asset Investment Projects (《國務院關於調整固定資產投資項目資本金比例的通知》) (Guofa [2009] No. 27), issued by the State Council, which became effective on May 25, 2009, the minimum capital ratio for ordinary commodity housing projects and affordable housing projects was reduced to 20%, while that for other property projects was decreased to 30%.

Pursuant to the Notice of the State Council on Adjusting and Improving the Capital System of Fixed Asset Investment Projects (《國務院關於調整和完善固定資產投資項目資本金制度的通知》) (Guofa [2015] No. 51), issued by the State Council, which became effective on September 9, 2015, the minimum capital proportion of government-subsidized housing and ordinary commodity housing projects shall remain unchanged at 20%, and that of other real estate development projects shall be adjusted from 30% to 25%.

FOREIGN-INVESTED PROPERTY DEVELOPMENT ENTERPRISES

The Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (中華人民共和國主席令第二十六號) which was approved by the National People's Congress on March 15, 2019 and came into effect on January 1, 2020 replaces the Sino-Foreign Equity Joint Venture Enterprise Law, the Sino-Foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-Invested Enterprise Law, and become the legal foundation for foreign investment in the PRC.

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

Pursuant to the new Foreign Investment Industrial Guidance Catalog (2007 Revision) (《外商投資產業指導目錄(2007年修訂)》) (Decree No. 57 of the National Development and Reform Commission of the PRC ("NDRC") and the MOFCOM) jointly promulgated by MOFCOM and NDRC on October 31, 2007, which became effective on December 1, 2007, the development and construction of ordinary residential houses was removed from the category of industries in which foreign investment is encouraged to the category of industries in which foreign investment is permitted. In addition, the category of industries in which foreign investment is subject to restrictions (the "restricted category") has been adjusted as follows:

- the development of large-scale land, which shall be operated only by Sino-foreign joint ventures or Sino-foreign cooperative ventures;
- the construction and operation of upscale hotels, villas, premium office buildings and international conference centers; and
- the secondary property market and housing agents or brokerages.

The construction and operation of large scale theme parks was removed from the property industry to the culture, sports and entertainment industries, which are still in the restricted category.

Pursuant to the new Foreign Investment Industrial Guidance Catalog (2011 Revision) (《外商投資產業指導目錄(2011年修訂)》) (Decree No. 12 of NDRC and MOFCOM) jointly promulgated by MOFCOM and NDRC on December 24, 2011, which became effective on January 30, 2012, the development and construction of villas was removed from the restricted category to the category of industries in which foreign investment is prohibited (the "prohibited category"), and the restricted category has been adjusted as the following:

- the development of large scale of land lots which shall be operated only by Sino-foreign joint venture or Sino-foreign co-operative venture;
- the construction and operation of upscale hotels, premium office buildings and international conference centers; and
- the secondary property market and housing agents or brokerages.

The new Foreign Investment Industrial Guidance Catalog (2015 Revision) (《外商投資產業指導目錄(2015年修訂)》) (Decree No. 22 of NDRC and MOFCOM) jointly promulgated by MOFCOM and NDRC on March 10, 2015, was issued and supersedes the 2011 Revision. Compared with its 2011 revision, the development of tracts of land, the construction and operation of high-end hotels, office buildings, international conference centers, and real estate intermediary/agency business have been removed from restricted category, with the construction and operation of large-scale scheme parks remaining in the category. The Foreign Investment Industrial Guidance Catalog (2017 Revision) (《外商投資產業指導目錄(2017年修訂)》) (Decree No. 4 of NDRC and MOFCOM) was jointly promulgated by MOFCOM and NDRC on June 28, 2017, and executed on July 28, 2017. The 2017 Revision has further removed the construction and operation of large-scale scheme parks from restricted category. The Catalog of Industries for Encouraged Foreign Investment (2019 Edition) (《鼓勵外商投資產業目錄(2019年版)》) (Decree No. 27 of NDRC and MOFCOM) was jointly promulgated by NDRC and MOFCOM on June 30, 2019 and took effective on July 30, 2019. The latest version of the Special Administrative Measures for Access of Foreign Investment (Negative List) is of 2020 Revision (《外商投資准入特別管理措施(負面清單)(2020年版)》) (Decree No. 32 of NDRC and MOFCOM) jointly promulgated by NDRC and MOFCOM on June 23, 2020 and became effective on July 23, 2020. On December 27, 2020, MOFCOM and NDRC promulgated the Catalogue of Industries for Encouraging Foreign Investment (Edition 2020) (《鼓勵外商投資產業目錄(2020年版)》), which superseded the Catalogue of Industries for Encouraging Foreign Investment (Edition 2019), while the policy for the real estate development remains the same.

Pursuant to the Circular on Standardizing the Admittance 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》) (Jianzhufang [2006] No. 171) jointly promulgated and implemented by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) or its predecessor, the Ministry of Construction of the PRC (中國建設部) (“MOHURD”), MOFCOM, NDRC, PBOC, SAIC and SAFE on July 11, 2006 and partly amended by the Notice on the Adjusting Policies on the Admittance and Administration of Foreign Capital in the Property Market (《關於調整房地產市場外資准入和管理有關政策的通知》) (Jianfang [2015] No. 122) jointly issued by MOHURD, MOFCOM, the NDRC, the PBOC, SAIC and SAFE on August 19, 2015, the admittance and administration of foreign capital in the property market must comply with the following requirements:

- an overseas institution or individual shall, when investing in China to purchase any not for-self-use property, abide by the principles of commercial presence and apply, according to the relevant provisions on foreign investment in property, to establish a foreign investment enterprise and may, upon obtaining the approval of the relevant department as well as completing the relevant registration, engage in the relevant operation according to its approved business scope;
- an overseas investor that has not obtained an approval certificate of foreign-invested enterprises or a business license shall not engage in any development or operation of property;
- for a foreign-invested real estate enterprise, the ratio of its registered capital to its total investment is subject to the Interim Provisions of the State Administration for Industry and Commerce for Sino-foreign Equity Joint Ventures on the Ratio of Registered Capital to Total Investment (《關於中外合資經營企業註冊資本與投資總額比例的暫行規定》) (Gong Shang Qi Zi [1987] No.38);
- as to the establishment of a foreign-invested property enterprise, MOFCOM or relevant local counter-parts and SAIC or relevant local counter-parts shall grant an approval for establishment according to law, handle the relevant formalities for registration and issue a one-year term approval certificate of foreign-invested enterprises and business license. Where an enterprise fully contributes its transfer fee of the right to land use, it can, upon the strength of the aforesaid certificates, go to the administrative department of land to apply for a use certificate of state-owned land and may obtain an official approval certificate of foreign-invested enterprises in the MOFCOM or relevant local counter-parts on strength of the said use certificate of state-owned land and thereafter, obtain a business license with a term the same as the approval certificate of foreign-invested enterprises and then go through registration in the taxation authority; and
- the transfer of shares in and projects of foreign-invested property enterprises as well as the acquisition of domestic property enterprises by overseas investors shall be subject to the examination and approval of MOFCOM or relevant local counterparts, among others, in strict accordance with the relevant laws and regulations. An investor shall submit the guarantee letters for performance of the contract on the transfer of state-owned land use right, the license for the planning of construction land and the license for the planning of construction projects and the use certificate of state-owned land, certification on the alteration of archival files in the administrative department of construction (property) as well as the relevant certification materials of tax return as produced by the taxation authority.

Pursuant to the Circular of the General Office of the MOFCOM on Relevant Issues Concerning the Implementation of the Opinions Concerning Regulating the Access to and Administration of Foreign Investment in the Property Market (《商務部辦公室關於貫徹落實《關於規範房地產市場外資准入和管理的意見》有關問題的通知》) promulgated and implemented by MOFCOM on August 14, 2006, where an overseas investor merges domestic property enterprises through equity transfer or any other means, it shall make appropriate arrangements for the relevant employees, settle the bank debts and pay the transfer fee with its self-owned capital in a one-off manner within three months as of the day the business license of the foreign-invested enterprise was issued. Where an overseas investor acquires the equities of the Chinese party of a foreign-invested property enterprise, it shall make appropriate arrangements for the relevant employees, settle the bank debts and pay the transfer fee with its self-owned capital in a one-off manner within three months as of the day the equity transfer agreement came into force.

The Notice Concerning Further Strengthening and Regulating the Examination, Approval and Supervision of Direct Foreign Investment in Property (《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》) (Shangzihan [2007] No. 50) jointly issued and implemented by MOFCOM and SAFE on May 23, 2007, and partly amended by the Decision of the Ministry of Commerce on Amending Some Rules and Regulatory Documents (《商務部關於修改部分規章和規範性文件的決定》) MOFCOM [2015] No. 2) issued by MOFCOM on October 28, 2015, provides stricter control measures, 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; 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.

Pursuant to the Several Opinions on the Sound Development of the Property Market (《國務院辦公廳關於促進房地產市場健康發展的若干意見》) (Guobanfa [2008] No. 131) promulgated by the General Office of the State Council on December 20, 2008, in order to speed up the development of social security housing, encourage purchases of properties for self-use, and direct property developers to actively cope with the changing market, the following measures will be adopted to facilitate the development of properties:

- increasing credit financing support to ordinary residential housing developments of low to medium level prices or of small to medium sizes, particularly those under construction;
- providing financial support and other related services to property developers with good credit standing for their merger and acquisition activities;
- developing pilot housing provident fund and providing various funding channels;
- supporting bond issuances by property developers with good credit and financial positions; and
- eliminating urban property tax, and unifying the property taxes applicable to domestic and foreign-invested enterprises and individuals, who will all be subject to the PRC Tentative Regulations on Property Tax (《中華人民共和國房產稅暫行條例》).

Pursuant to the Several Opinions of the State Council for Further Improving the Utilization of Foreign Investment (《國務院關於進一步做好利用外資工作的若干意見》) (Guofa [2010] No. 9) issued by the State Council on April 6, 2010, foreign-invested projects with a total investment not exceeding US\$300 million within the encouraged or permitted category, other than those requiring the approval of relevant authorities under the State Council according to the Foreign Investment Industrial Guidance Catalog (《外商投資產業指導目錄》), may be examined and approved by the competent authorities of the local departments.

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 enforced on June 17, 2014, and revised and enforced on December 27, 2014 and “Notice of the State Council on Issuing the Catalog of Investment Projects Approved by the Government (2016 Version)” (國務院關於發佈政府核准的投資項目目錄(2016年本)的通知), the competent investment department under the State Council is responsible for the approval of restricted projects with a total investment (including capital increase) of US\$300 million and above under the Guidance Catalog. Projects with a total investment (including capital increase) of US\$2,000 million and above shall be filed with the State Council. Provincial governments are responsible for the approval of the restricted projects with a total investment (including capital increase) of not more than US\$300 million under the Guidance Catalog. 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) for US\$300 million or above as included in the Guidance Catalog shall be approved by NDRC, and any project with a total investment (including capital increase) for US\$2 billion and above shall be submitted to the State Council for filing, 2) any project of the restricted category with a total investment (including capital increase) for less than US\$300 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 filing.

On September 3, 2016, the National People’s Congress Standing Committee (NPCSC) adopted Decision of the Standing Committee of the National People’s Congress on Revision of Four Laws Including the Law of the People’s Republic of China on Wholly Foreign-owned Enterprises (《全國人民代表大會常務委員會關於修改〈中華人民共和國外資企業法〉等四部法律的決定》) (Decree No. 51 of the President) which became effective from October 1, 2016. Upon the effectiveness of the decision, the establishment of the foreign invested enterprise and its subsequent changes will be required to be filed with the relevant authorities instead of obtaining approvals from relevant commerce authorities as required by the existing PRC laws, except for the foreign invested enterprises which are subject to the special administrative measures regarding foreign investment entry. On September 30, 2016, the State Administration for Industry & Commerce issued a circular on relevant issues of the registration of foreign invested enterprises to implement the decision of NPCSC. On October 8, 2016, NDRC and 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 Guidance Catalog, will be subject to the special

administrative measures for foreign investment entry. On the same day, MOFCOM promulgated the “Provisional Measures for Filing Administration of Establishment and Changes of Foreign-invested Enterprises” (外商投資企業設立及變更備案管理暫行辦法). On July 30, 2017 and June 29, 2018 MOFCOM issued the revised Provisional Measures for Filing Administration of Establishment and Changes of Foreign-invested Enterprises.

Pursuant to the Measures for Reporting of Information on Foreign Investment (外商投資信息報告辦法) (Order of MOFCOM and the State Administration for Market Regulation (SAMR) [2020] No.2) (the 2020 Measures) promulgated by MOFCOM and SAMR on December 31, 2019, and became effective on January 1, 2020, the Provisional Measures for Filing Administration of Establishment and Changes of Foreign-invested Enterprises was repealed. According to the 2020 Measures, foreign investors or foreign invested enterprise shall submit investment information to the competent department of commerce through the enterprise registration system and the national enterprise credit information publicity system.

QUALIFICATIONS OF PROPERTY DEVELOPERS

Classification and Assessment of the Qualifications of Property Development Enterprises

Pursuant to the Development Regulations, a property developer must file for record its establishment to the property development authority in the location of the registration authority within 30 days after receiving its business license. The property development authority shall assess the qualifications of the property developer based on its assets, professional personnel and development and operational records. A property development enterprise shall only engage in property development projects in compliance with its approved qualification.

Pursuant to the Provisions on Administration of Qualifications of Property developers (“Provisions on Administration of Qualifications”) (《房地產開發企業資質管理規定》) promulgated by MOHURD, which came into effect on March 29, 2000, and partly amended by the Decision of the Ministry of Housing and Urban-Rural Development on Amending the Provisions on the Administration of the Qualifications of Real Estate Development Enterprises and Other Departmental Rules (《住房和城鄉建設部關於修改《房地產開發企業資質管理規定》等部門規章的決定》) (MOHURD No. 24) issued by MOHURD on May 4, 2015, a property developer shall apply for registration of its qualifications according to the Provisions on Administration of Qualifications. An enterprise may not engage in the development and operation of property without a qualification classification certificate for property development. In accordance with the Provisions on Administration of Qualifications, qualifications of property development enterprises are classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualification should be examined and approved by the corresponding authorities. After a newly established property developer reports its establishment to the property development authority, the latter shall issue a provisional qualification certificate to an eligible property developer within 30 days of receipt of the report. The provisional qualification certificate shall be effective for one year from the date of its issuance. The property development authority can extend the validity period for not more than two years after 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 the expiry of the provisional qualification certificate.

Business Scope of Property Developers

Pursuant to the Provisions on Administration of Qualifications, a developer of any qualification classification may only engage in the development and operation of property within its approved scope of business and may not engage in business which falls outside its approved scope. A class 1 property developer may undertake property development projects anywhere in the PRC without any limit on the scale of such projects. A property developer of class 2 or lower may undertake projects with a GFA not exceeding 250,000 sq.m., and the specific scopes of business shall be as formulated by the construction authority under the people’s government of the relevant province, autonomous region or municipality.

Annual Qualification Review of Property Developers

Pursuant to Provisions on Administration of Qualifications, the qualifications of property developers should be annually reviewed. The construction authority under the State Council or the entrusted institution is responsible for carrying out the annual review of class 1 property developers’ qualifications. Procedures for the annual review of the qualifications of property developers of class 2 or lower qualifications shall be formulated by the construction authority under the people’s government of the relevant province, autonomous region or municipality.

DEVELOPMENT OF PROPERTY PROJECTS

Land for Property Development

The Provisional Regulations on the Grant and Transfer of Right to Use State-owned Land in Urban Areas of the PRC (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) (Decree No. 55 of the State Council) (“Provisional Regulations on Grant and Transfer”), promulgated and implemented by the State Council on May 19, 1990 and was amended on November 29, 2020, adopted a system of granting and transferring the rights to use state-owned land. Pursuant to these regulations, the PRC government, in accordance with the principle of land ownership being separate from land use rights, implemented a system whereby the right to use state-owned land in urban areas may be assigned and transferred, with the exclusion of underground resources, objects buried underground, and public works. The term “state-owned land in urban areas” as used in the preceding paragraph refers to land owned by the public within the limits of cities, county sites, administrative towns and industrial and mining areas. The assignment of land use rights refers to the act of the PRC government as the owner of the land who, with a term of a certain number of years, assigns the right to use the land to land users, who shall in turn pay fees for the assignment thereof to the PRC government. An assignment contract shall be signed for assignment of the land use rights. The maximum term with respect to the assigned land use rights shall be determined based on type of use as listed below:

- 70 years for residential purposes;
- 50 years for industrial purposes;
- 50 years for the purposes of education, science, culture, public health and physical education;
- 40 years for commercial, tourist and recreational purposes; and
- 50 years for comprehensive utilization or other purposes.

Pursuant to the Provisional Regulations on Grant and Transfer, the land user shall, within 60 days of the signing of the land use right grant contract, pay the total amount of the assignment fee thereof, failing which, the assigning party shall have the right to terminate the contract and may claim compensation for breach of contract. After paying the total fee for the assignment of the land use right, the land user shall, in accordance with the relevant provisions, register the land use right, obtain the land use rights certificate and accordingly the right to the use of the land.

The Notice on Strengthening the Administration of Idle Land promulgated by the Ministry of Land and Resources on September 8, 2007 (《關於加大閒置土地處置力度的通知》) (Guotuzidianfa [2007] No. 36) provides that land use rights certificates shall not be issued before the land grant premium has been paid in full, nor be issued separately according to the ratio of payment of land grant premium.

The Regulation on Bidding, Auction and Listing-for-Sale for the Granting of State-Owned Construction Land (《招標拍賣掛牌出讓國有建設用地使用權規定》) promulgated by the Ministry of Land and Resources on September 28, 2007, which became effective on November 1, 2007, provides that:

- with respect to land for industrial, commercial, tourism, entertainment, commodity housing or other business operations, or on which there are two or more intended land users, the assignment thereof shall be conducted through public tender, auction or listing for-sale. Land for industrial use includes the land for storage but excludes the land for mining;
- a grantee shall not apply for land registration or be granted the certificate of state-owned construction land use right until it has paid the land premium in full in accordance with the land use right grant contract;
- a grantor shall, at least 20 days before bid invitation, auction or quotation, release the announcement on public tender, auction or listing-for-sale at the tangible land market or at the designated place or mass media, and announce the basic conditions about the land for the assignment through public tender, auction or listing-for-sale as well as the time and place for public tender, auction or listing-for-sale;

- after a successful grantee is determined through public tender, auction or listing-for-sale, the bidding deposit paid by such grantee shall be used as the earnest money for land assignment. The grantor shall send out a notice of successful bid to the successful grantee or conclude a transaction confirmation letter with such grantee; and
- a grantee of a public tender, auction or listing-for-sale shall conclude a contract on the assignment of state-owned construction land use right with the grantor at the time stipulated in the notice of successful bid or transaction confirmation letter. The deposit for bidding or competitive purchase as paid by a winner of bidding, auction or quotation shall be taken as the land assignment fee. The deposits as submitted by other bidders or competitive buyers shall be refunded by the grantor within five working days upon conclusion of public tender, auction or listing-for-sale, without interest.

Pursuant to the Notice on Issues Regarding Further Increasing Supply and Strengthening Control of Lands for Property Development (《關於加強房地產用地供應和監管有關問題的通知》) (Guotuzifa [2010] No. 34) promulgated by the Ministry of Land and Resources on March 8, 2010, at least 70% of total land supply must be reserved for economically affordable housing, redevelopment of shanty towns and small to medium-sized residential units for self-use while land supply for large residential units will be strictly controlled and no land shall be provided for villa projects. The land premium must not less than 70% of the standard land premium of the applicable category of land and the bid deposit paid by the property developer must not less than 20% of the minimum land premium. The land grant contract must be executed within 10 working days after the land transaction is confirmed. The minimum down payment of the land premium will be 50% and must be paid within one month after the execution of the land grant contract. The remainder of the land premium must be paid in accordance with the agreement within one year. If the land grant contract is not executed in accordance with the requirements above, the land will not be handed over and the deposit will not be returned. If no land premium is paid after the execution of the land grant contract, the land must be withdrawn.

Pursuant to the Notice on Further Strengthening the Control and Regulation of Land and Construction Project of Property Development (《關於進一步加強房地產用地和建設管理調控的通知》) (Guotuzifa [2010] No. 151) jointly promulgated by the Ministry of Land and Resources and the MOHURD on September 21, 2010, standard average floor area and structure proportion of ordinary residential housing developments of small to medium sizes shall be expressly specified. The Notice also strictly limits the development and construction of low-density and large-size residential projects, and requires that the plot ratio of residential projects shall be more than one. The Ministry of Land and Resources requires that other than providing valid identity certificates and deposits for bidding, participants of auctions and listings-for-sale of land shall provide a commitment letter pledging that such deposit was not funded by means of a bank loan, shareholder loan, re-lending or raised funds, as well as a credit certificate issued by a commercial bank.

On May 22, 2014, the Ministry of Land and Resources of the PRC promulgated the Regulations on the Economical and Intensive Use of Land (節約集約利用土地規定), which was amended on July 24, 2019 and became effective on the same date and established the most stringent system of arable land protection and economical and intensive use of land.

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 based on the period of depleting commodity residential housing inventory. For example, if the above period is longer than 36 months, no more land is to be supplied; if the said period is over 18 months but shorter than 36 months, land supply shall be reduced in size; if the said period is longer than six months but shorter than 12 months, more land shall be provided; however, if the current inventory could be sold in less than six months, land supply shall increase significantly within a short amount of time. In addition, the circular stipulates that local authorities should adopt the examination system of land acquisition capital to ensure that the property developers use internal funds to acquire lands and that, if the land bid capital originate from illegitimate sources, the property developers shall be disqualified and prohibited from bidding for land for a designated time.

Resettlement

Pursuant to the Regulation on Expropriation of and Compensation for Buildings on State-owned Land (《國有土地上房屋徵收與補償條例》) (Decree No. 590 of the State Council) promulgated by the State Council on January 21, 2011 (“Expropriation and Compensation Regulation”), compensation shall be paid before the resettlement. The entity responsible for expropriation shall enter into a compensation agreement with the affected residents, which shall contain the method, amount and payment period of compensation, the location and size of housing where the residents are to be resettled, costs of removal, temporary settlement subsidy or temporary housing, loss caused by production or business suspension, relocation period, method and period of transition and other relevant matters. After entering into the agreement, either party may initiate proceedings according to the relevant law if another party fails to fulfill their obligations prescribed in the compensation agreement. If the entity responsible for expropriation and the affected residents fail to reach an agreement within the specified period according to the expropriation and compensation proposal, or if the title ownership of the housing to be expropriated is uncertain, the entity responsible for expropriation may report to the people’s government of the relevant city or county which made the expropriation decision to determine the compensation in accordance with the compensation proposal pursuant to the Expropriation and Compensation Regulation, and a relevant announcement shall be made within the area of the buildings to be expropriated. The entity responsible for expropriation shall file the expropriation and compensation for record, and post an announcement regarding the compensation payable to each housing unit within the area of the buildings being expropriated.

Idle Land

Pursuant to the Measures for the Disposal of Idle Land (《閒置土地處置辦法》) (Decree No. 53 of Ministry of Land and Resources) promulgated by Ministry of Land and Resources on April 28, 1999 and was amended on June 1, 2012, which became effective on July 1, 2012, “idle land” shall mean any state-owned land for construction use, of which the holder of the land use right fails to begin construction and development thereof within one year after the commencement date of the construction and development work as agreed upon and prescribed in the contract for fee-based use of state-owned land for construction use, or the decision on allocation of state-owned land for construction use. Any state-owned land for construction use of which the construction and development has been started but the area of land that is under construction and development is less than one third of the total area of land that should have been under construction and development, or the invested amount is less than 25% of the total investment, or the construction and development of which has been suspended for more than one year, may also be regarded as idle land. Except where the delay in the commencement of the construction and development of a plot of state-owned land for construction use is caused by acts of any government or government department, a plot of idle land shall be disposed of in the following ways:

- where the land has remained idle for more than one year, the competent department of land and resources at the municipal or county level shall, with the approval of the people’s government at the same level, issue a decision on collecting charges for idle land to the holder of the right to use the land and collect the charges for idle land at the rate of 20% of the land premium or transfer price; the said charges for idle land shall not be included in the production cost by the holder of the land use right; and
- where the land has remained idle for more than two years, the competent department of land and resources at the municipal or county level shall, with the approval of the people’s government having the jurisdiction to approve thereof, issue a decision on taking back the right to use the state-owned land for construction use to the holder of the right to use the land and take back the land use right without compensation in accordance with the provisions of Article 37 of the Land Administration Law of the PRC and Article 26 of the Law of the PRC on the Administration of Urban Property; if any mortgage is created on the idle land, a copy thereof shall be sent to each mortgagee thereof.

Planning of Property Projects

Pursuant to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) enacted by the Standing Committee of the National People’s Congress on October 28, 2007, which was partly amended by the Decision of the Standing Committee of the National People’s Congress on Amending Seven Laws (《全國人民代表大會常務委員會關於修改《中華人民共和國港口法》等七部法律的決定》) (Presidential Decree

[2015] No. 23) issued by the Standing Committee of the National People's Congress on April 24, 2015 and the Decision of the Standing Committee of the National People's Congress on Amending Eight Laws (全國人民代表大會常務委員會關於修改《中華人民共和國建築法》等八部法律的決定) (Presidential Decree [2019] No. 29) issued by the Standing Committee of the National People's Congress on April 23, 2019, which came into force on January 1, 2008, to build any structure, fixture, road, pipeline or other engineering project within a city or town planning area, the construction entity or individual shall apply to the competent department of urban and rural planning under the people's government of the city or county or the town people's government specified by the people's government of the province, autonomous region or municipality directly under the PRC government for a construction works planning permit.

In addition, to apply for a construction works planning permit, the relevant documentary evidence on land use, the engineering design plan of the project as well as other related documents shall be submitted. If the project requires a site detailed planning, such planning shall also be submitted. If the project satisfies the regulatory detailed planning and the planning requirements, the competent department of urban and rural planning under the people's government of the city or county or the town people's government specified by the people's government of the province, autonomous region or municipality directly under the PRC government shall issue a construction works planning permit. If a construction project begins without obtaining the construction works planning permit or by violating the provisions of the construction works planning permit, the competent department of urban and rural planning of the local people's government at or above the county level shall order it to stop construction. If it is still possible for the construction entity or individual to take measures to eliminate the impact on the implementation of urban and rural planning, the department shall order it or him to correct within a certain time limit and impose a fine of not less than 5% of the construction cost but not more than 10% the cost; if it is impossible to take measures to eliminate the impact, the department shall order the construction entity or individual to dismantle the building or structure within a certain time limit and confiscate the real objects or the illegal gain, and may also impose a fine not more than 10% of the construction cost.

Construction of Property Projects

Pursuant to the Measures for the Administration of Construction Permits for Construction Projects (《建築工程施工許可管理辦法》) enacted by the MOHURD on October 15, 1999, revised on July 4, 2001, June 25, 2014, September 28, 2018 and March 30, 2021, which became effective on October 25, 2014, after obtaining the Permit for construction works planning permit, a property developer shall apply for a construction permit from the construction authority under the local people's government above the county level.

Pursuant to the Notice of the General Office of the State Council on Strengthening and Regulating the Administration of Newly Launched Projects (《國務院辦公廳關於加強和規範新開工項目管理的通知》) (Guobanfa [2007] No. 64) promulgated by General Office of the State Council on November 17, 2007, a project may commence construction when the following conditions are met: it conforms to the relevant industrial policies, development and construction planning and market entry standards of the PRC government; the project has completed the formalities of examination and approval, verification or filing; the site selection and layout of the project within the planned area conform to the urban and rural planning, and the relevant planning permit has been transacted in accordance with the relevant provisions of the urban and rural planning law; the approval for land use has been obtained according to law, and the contract on non-gratuitous use of state-owned land has been concluded or the written decision on allotment of state-owned land has been obtained; the environmental impact assessment has been examined and approved in accordance with the provisions on classified administration and graded examination and approval of environmental impact assessment of the construction project; before the commencement of the construction project, the construction unit has obtained the construction permit or commencement report in accordance with the relevant provisions of the construction law, and has taken detailed measures to ensure the quality safety of the construction project, among other things.

Completion of Property Projects

Pursuant to the Development Regulations, the Regulation on the Quality Management of Construction Projects (Decree No. 279 of the State Council) (《建設工程質量管理條例》) enacted and enforced by the State Council on January 30, 2000 and was amended on October 7, 2017 and April 23, 2019 the construction company shall, after it receives the report of construction completion of its project, organize the companies concerned such as for design, construction and engineering supervision to carry out acceptance examination. The construction company shall, within 15 days from the date on which the construction project passes the acceptance examination, submit the report of acceptance examination of the construction project and the recognized or approved documents issued by such departments as for planning, public security firefighting and environment protection to the competent administrative department for construction or other relevant departments for their record. The competent administrative department for construction or any other relevant department shall, when it discovers that the building unit commits an act of violation of the provisions of the PRC government on the quality control of construction projects in the course of acceptance examination, order the building unit to stop the use and to organize the acceptance examination again.

The Provisional Administrative Measures for Acceptance Examination and Filing Upon Completion of Buildings and Municipal Infrastructure Construction (《房屋建築工程和市政基礎設施工程竣工驗收備案管理暫行辦法》) enacted and enforced by the MOHURD on April 4, 2000, and was revised on October 19, 2009 and the Regulations on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure Construction (《房屋建築和市政基礎設施工程竣工驗收規定》(Jianzhi [2013] No. 171)) enacted by the MOHURD and became effective from December 2, 2013 provide:

- construction entities shall submit records to the relevant departments in charge of construction of local people's governments above the county level at the locations of the projects (the "Record-filing Organ") within 15 days of the successful passage of the acceptance examination of the projects in accordance with the provisions of these measures;
- project quality supervision institutions shall, within five days from the date of the successful passage of the acceptance examination of the project, submit the project quality supervision report to the Record-filing Organ; and
- where the relevant Record-filing Organ finds that a construction entity acted in violation of PRC government regulations on quality management of construction projects in the process of the acceptance examination, the said organs shall, within 15 days upon the full receipt of the records for the acceptance examination, order relevant projects to be stopped from using and re-organize the acceptance examination.

PROPERTY TRANSACTIONS

Transfer of Property

Pursuant to the Urban Property Law and the Administrative Regulations on Transfer of Urban Property (《城市房地產轉讓管理規定》) enacted by the MOHURD on August 7, 1995 and revised on August 15, 2001, a property owner may sell, give or otherwise legally transfer a property to another person or legal entity. When transferring a property, the ownership of the property and the state-owned land use rights attached to the site on which the property is situated are transferred simultaneously. The parties to a transfer shall enter into a property transfer contract in writing and register the transfer with the local competent property administration where the property is situated within 90 days of the execution of the transfer contract. Where the state-owned land use rights were originally obtained through the government land grant process, the property may only be transferred on the condition that:

- the land premium for the grant of the state-owned land use rights has been paid in full as provided by the grant contract and the land use rights certificate has been obtained;

- if investment and development is to be carried out according to the land grant contract and the project involves housing construction, development representing more than 25% of the total investment has been completed; where the development involves large-scale plots of land, conditions for using land for industrial or other construction purposes have been satisfied; where the construction of buildings has been completed, the property ownership certificate has been obtained; and
- where the property previously transferred according to these regulations is to be retransferred, if it is needed to go through the formalities of assignment and to pay additional land premium, the land proceeds that have been handed in shall be deducted.

Sales of Commodity Properties

Pursuant to the Regulatory Measures on the Sales of Commodity Housings (《商品房銷售管理辦法》) (Decree No. 88 of MOHURD) enacted by the MOHURD on April 4, 2001 and effective on June 1, 2001, sales of commodity housing may include both pre-completion and post-completion sales.

Pursuant to the Development Regulations and the Administrative Measures Governing the Pre-sale of Commodity Housings in Urban Cities (“Pre-completion Sales Measures”) (《城市商品房預售管理辦法》) enacted by the MOHURD on November 15, 1994 and revised on August 15, 2001 and July 20, 2004, respectively, the pre-completion sales of commodity housing shall be subject to a permit system, under which a property developer intending to sell a commodity building before its completion shall make the necessary pre-completion sales registration with the property development authority of the relevant city or county to obtain a permit of pre-completion sales of commodity housing. A commodity building may only be sold before completion provided that:

- the land premium has been paid in full for the granting of the relevant state-owned land use rights and a land use rights certificate has been issued;
- the construction works planning permit and construction permit have been obtained;
- the funds invested in the development of commodity housing applied to pre-completion sales represent 25% or more of the total investment in the project and the development schedule and the completion and delivery dates have been ascertained; and
- the pre-completion sales have been registered and a pre-sale permit has been obtained.

Pursuant to the Regulations on the Sales of Commodity Housing (《商品房銷售管理辦法》), the post-completion sales of commodity housing may occur when the following preconditions have been satisfied:

- the property developer offering to sell the post-completion properties shall have an enterprise legal person business license and a property developer;
- the developer has obtained a state-owned land use rights certificate or other approval documents of land use;
- the developer has obtained the construction works planning permit and the construction permit;
- the commodity housing have been completed and passed the acceptance examination;
- the relocation of the original residents has been completed;
- the ancillary infrastructure facilities for supplying water, electricity, heating, gas and communication have been made ready for use, and other ancillary essential facilities and public facilities have been made ready for use, or the schedule of construction and delivery date have been specified;

- the property management plan has been formulated; and
- before the post-completion sales of commodity buildings, a property developer shall submit the property development project manual and other documents showing that the preconditions for post-completion sales have been fulfilled to the property development authority for its record.

Pursuant to the Opinion on Further Stabilizing Property Prices (《關於做好穩定住房價格工作意見的通知》) (Guobanfa [2005] No. 26) promulgated on May 9, 2005 by the General Office of the State Council, sales of commodity housing shall comply with various regulations:

- according to the provisions of the Urban Property Law, the State Council has decided that pre-sale purchasers of commodity properties may not transfer such properties while they are still under development. Before the completion of construction, delivery of an advance sales commodity housing and the receipt of a property ownership certificate by the pre-sale purchaser, the administrative department of property shall not process property transfers. Where the applicant for property ownership fails to be in line with the advance seller as indicated in the pre-sale contract on record, the registration organ of property title shall not handle the formalities of property title. In addition, a real name system for housing purchases and an immediate archival filing network system for pre-sale contracts of commodity houses should be implemented to prevent any private dealing; and
- the local administrative departments of property should strictly regulate the market assess of those property development enterprises and agencies, seriously investigate into and punish any irregular and rule-breaking sales according to law. Where anyone fabricates contracts, corners housing resources, publicizes false information of price and sales progress, viciously drives up housing prices, misleads consumers to make purchases at a sale, or fails to meet the required construction initiation and completion times, selling prices and dwelling size areas, the local administrative departments of property shall put the aforesaid act on the credit archival filing of property enterprises and publicize it to the general public. For more serious violations, the MOHURD shall, in collaboration with the relevant departments, impose serious punishments according to law in a timely manner and publicize them to the general public.

The Notice of the State Council on Resolutely Curbing the Soaring of Housing Prices in Some Cities (Guofa [2010] No. 10) (《國務院關於堅決遏制部分城市房價過快上漲的通知》) promulgated by State Council on April 17, 2010 provides:

- for implementing more strictly differentiated housing credit policies. For families (including the borrower, the spouse and minor children) for purchases of first housing units for self-use with a construction floor area of 90 sq.m. or more, the down payment on the relevant mortgage loan shall not be less than 30% of the total price; and
- for the strict enforcement of the various means of speculation in housing and speculative purchase of housing units. In areas where the prices of commodity housing have risen too quickly or to an overly high level, or housing is in short supply, commercial banks may suspend the grant of housing loans for the third and further housing units according to the level of risk.

The Notice of the State Council on Issues Related to Further Enhancing the Regulation and Control of Real Estate 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》) (Guobanfa [2011] No. 1) promulgated by the General Office of the State Council on January 26, 2011 provides:

- for reinforcing the differentiated housing credit policy. In respect of households that purchase a second housing unit through a mortgage loan, the down payment ratio shall not be lower than 60%. The loan interest shall not be lower than 1.1 times the benchmark interest rate. The respective branches of the PBOC may raise the down payment ratio and interest rate on loans for a second home based on the price control targets set by the local people's government for newly-constructed houses and the policy requirements, and on the basis of national unified credit policies. The banking supervision department shall tighten the supervision and inspection of the differentiated housing credit policy implemented by the commercial banks. Conduct violating the regulations shall be dealt with sternly; and

- for rationalizing the guidance of housing demand. All municipalities directly under the PRC government, cities specifically designated in the state plan, provincial capitals and cities in which the housing prices are excessively high or rising rapidly are to formulate and implement measures for the restriction of housing purchases strictly within a specified period. In principle, households with a local registered residence which already own one residence and households without a local registered residence which are able to produce a local tax payment certificate or a proof of social insurance contribution for a certain number of years shall be restricted to purchasing one residence (including newly-constructed commodity housing and second-hand housing). In respect of households with local registered residence which already own two residences, households without local registered residence which have already owned one set and more housing, and households without local registered residence which are unable to provide a local tax payment certificate or a proof of social insurance contribution for a certain number of years, no houses shall be sold to them within its own administrative area for the time being.

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 and amended on December 9, 2019. 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.

Mortgage of Property

Pursuant to the Urban Property Law:

- when a property is transferred or mortgaged, the ownership of the building and the right to use the land occupied by the building are transferred or mortgaged at the same time;
- the mortgage of property shall mean the non-transfer provision of legal property by the debtor to the mortgagee as guarantee of debt payment. If the debtor fails to make repayments, the mortgagee has priority to be repaid first through the auction of the mortgaged property according to law;
- the title of a housing property plus the right to use the land occupied by the housing property obtained lawfully may be designated as mortgage right. The right to use land obtained through grant may be used as a mortgage;
- a mortgage loan shall be made only upon the presentation of the land use rights certificate and property ownership certificate;
- the mortgagor and mortgagee shall sign a written mortgage loan contract;
- for mortgage loans where the land use right was obtained through transfer, the mortgagee has the priority to be paid first only after a fund equivalent to the lease fees for the right to use the land has been paid upon an auction of the property according to law; and
- after a property mortgage contract is signed, any newly added housing property on the land does not form part of the mortgaged property. If the mortgaged property must be auctioned, the newly added housing property may be auctioned together with the mortgaged property, but the mortgagee does not receive first priority of payment for any amount derived from the auction of the newly added housing property.

On May 28, 2020, the National People's Congress approved the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "Civil Code"), which comes into effect on January 1, 2021 and replaces the Property Law of the PRC (《中華人民共和國物權法》) and several other basic civil laws in the PRC, provides:

- where a building is mortgaged, the right to use land for construction occupied by such building shall be mortgaged together. Where the right to use land for construction is mortgaged, all buildings on such land shall be mortgaged together. In case a mortgagor fails to mortgage the properties according to the preceding paragraph, the properties that have not been mortgaged shall be regarded as having been mortgaged together;
- mortgages of buildings under construction shall be registered, and the mortgage right is established as of the date of such registration; and
- after the right to use land for construction is mortgaged, the newly-constructed buildings on the land shall not form part of the properties under mortgage. If the aforesaid right to use land for construction must be auctioned, the newly added housing property may be auctioned together with the mortgaged property, but the mortgagee does not receive first priority of payment for any amount derived from the auction of the newly-constructed buildings.

Pursuant to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》) (Decree No. 656 of the State Council of the People's Republic of China) issued by the Ministry of Land and Resources on November 24, 2014, and partly amended by the Decision of the State Council on Revising Certain Administrative Regulations (《國務院關於修改部分行政法規的決定》) (Decree No. 710 of the State Council of the People's Republic of China) issued by the State Council on March 24, 2019 which took effect on March 1, 2015, land registration refers to the registration of land-use rights of relevant land for public review. With respect to the mortgage of land use right, mortgagee and mortgagor shall apply for mortgage registration of the land use right by presenting the land rights certificate, the master debtor-creditor contract, the mortgage contract and other relevant certificates. If a parcel of land has been mortgaged more than once, the mortgage registration shall be made according to the sequence of applications for mortgage registration. If the conditions for mortgage registration are satisfied, the competent administrative department of land and resources shall record relevant items stipulated in the mortgage contract on the land register and the land use rights certificate and issue the certificate of other rights over land to the mortgagee. If the mortgage under registration application arrives at the maximum limit of mortgage, the entry of the guaranteed maximum amount of creditor's rights and the term of maximum mortgage and other items shall be noted down. The Interim Regulations also stipulate the cessation of illegal registration, and prohibition of legalizing illegal land through land registration, and registrations will not be granted in cases involving unresolved land disputes, as well as cases where the application period exceed the current law stipulated.

Lease of Properties

Pursuant to the Urban Property Law and the Regulations on Leases of Commodity Housings (《商品房屋租賃管理辦法》) enacted by the MOHURD on December 1, 2010 and became effective from February 1, 2011, the parties to a lease of a property shall enter into a lease contract in writing. A registration system is adopted for leases of properties. The parties shall file with the property administration authority under the local government of the city or county in which the building is situated for any newly signed leases, revisions or termination of leases. A party to a residential lease may entrust another person to handle lease registration and filing formalities in writing.

On May 17, 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 businesses. The said opinions support real estate developers to utilize built residential properties or newly built residential properties to carry out leasing businesses. The opinions also encourage real estate developers to put up the residential properties for rent and to cooperate with residential property leasing enterprises to 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.

Property Law

The Property Law provides detailed rules regarding the following kinds of major property rights:

- the owner of real or movable property has the right to possess, use, seek profits from and dispose of the real or movable property according to law;
- a usufructuary right holder shall enjoy the right to possess, use and seek proceeds from the real or movable property owned by another party according to law;
- the holder of real property rights for security shall enjoy priority to receive payments from the property for security in case the obligor fails to pay its due debts or the circumstance for the realization of real rights for security as stipulated by the parties concerned occurs, unless otherwise prescribed by law;
- the real property rights of the state, collectives, individuals or any other right holder shall be protected by law and shall not be infringed by any entities or individuals;
- the term of the right to use land for construction for residential purposes shall be automatically renewed upon expiration. The term of the right to use land for construction not for residential purposes shall be renewed according to law. Where there are stipulations about the ownership of houses and other real properties on the aforesaid land, such stipulations shall prevail; if there is no such stipulation or the stipulations are not explicit, the ownership shall be determined according to the provisions in the laws and administrative regulations; and
- the owner of a building may manage the building and its affiliated facilities themselves or by entrusting a real property service enterprise or any other management personnel. The owners are entitled to change the real property service enterprise or any other management personnel hired by the construction entity according to law.

PROPERTY FINANCING

The Circular on Further Strengthening the Management of Loans for Property Business (《關於進一步加強房地產信貸業務管理的通知》) (Yinfa [2003] No. 121) issued by PBOC on June 5, 2003 specifies the requirements for banks to provide loans for the purposes of property development and individual residential mortgage as follows:

- commercial banks shall issue loans applied for by property enterprises only through property development loans, and shall not issue in the form of property working capital loans or any other forms. Where non-property loans are issued to property enterprises, commercial banks shall observe the principle of “recovering only, and no issuing.” The proprietary capital (owner’s equity) of property enterprises applying for loans shall be no less than 30% of the total development investment. Property loans extended by commercial banks may only be used for local housing projects and may not be used cross-regionally;
- loans to land reserve institutions shall be mortgage loans, the amount of which shall not exceed 70% of the assessed value of purchased lands, and the term of loans shall not exceed two years. Commercial banks shall not issue loans to property enterprises for the purpose of paying for land premiums; and

- commercial banks shall further expand the spectrum of individual housing loans to allow more people to benefit from such loans. To reduce unnecessary interest for borrowers, commercial banks shall issue individual housing loans only to those who purchase housing where main structural development has already been completed. Where borrowers apply for individual housing loans to purchase their first residence for self-use, the ratio of down payment shall remain 20%; for second or further residences, the ratio of down payment shall be raised appropriately.

Pursuant to the Guidance on Risk Management of Property Loans of Commercial Banks (《商業銀行房地產貸款風險管理指引》) (Yinjianfa [2004] No. 57) issued by the CBRC on August 30, 2004, a commercial bank shall not grant any form of loans to a project owner that has not obtained the land use rights certificate, the construction land planning permit, the construction works planning permit or the construction commencement permit.

Pursuant to the Notice of the People's Bank of China on the Adjustment of Commercial Bank Housing Loan Policies and the Deposit Interest Rate of Excess Reserve (《中國人民銀行關於調整商業銀行住房信貸政策和超額準備金存款利率的通知》) enacted by PBOC on March 16, 2005 and became effective from March 17, 2005, down payments for individual mortgage loans increased from 20% to 30% in cities and areas where property prices grow too quickly. The commercial banks can independently determine the extent of increase in property prices according to specific situations in different cities or areas.

The Opinion of the MOHURD and Other Departments on Adjusting the Housing Supply Structure and Stabilizing Property Prices forwarded by the State Council (《關於調整住房供應結構穩定住房價格的意見》) (Guobanfa [2006] No. 37) on May 24, 2006 provides the following:

- loan facilities for property development will be under stricter control. Commercial banks are not allowed to grant loan facilities to property developers who do not have the required 35% or more of the total capital for the construction projects. Commercial banks should be prudent in granting loan facilities and/or revolving credit facilities in any form to property developers who have a large number of idle land and unsold commodity properties. Banks shall not accept mortgages of commodity properties remaining unsold for three years or longer; and
- from June 1, 2006 onward, individual purchasers who apply for mortgage loans shall pay a minimum of 30% of the purchase price as down payment. However, if individual purchasers purchase apartments with a floor area of 90 sq.m. or less for residential purposes, the existing requirement of 20% of the purchase price as down payment remains unchanged.

The Opinion on Standardizing the Admittance and Administration of Foreign Capital in Property Market (《關於規範房地產市場外資准入和管理的意見》) (Jianzhufang [2006] No. 171) enforced by MOFCOM, the MOHURD and the NDRC on July 11, 2006 and partly amended by the Notice on the Adjusting Policies on the Admittance and Administration of Foreign Capital in the Property Market (《關於調整房地產市場外資准入和管理有關政策的通知》) (Jianfang [2015] No. 122) jointly issued by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部), MOFCOM, the NDRC, the PBOC, SAIC and SAFE on August 19, 2015 provides:

- an overseas investor that has not obtained an approval certificate of foreign-invested enterprises or a business license shall not engage in any development or operation of property;
- where any foreign-invested enterprise fails to obtain the land use rights certificate or fails to make its project development capital reach 35% of the total project investment amount, it shall not deal with any domestic or overseas loan and the administrative department of foreign exchange shall not approve the settlement of the foreign exchange loan thereof; and
- the Chinese or foreign party in a foreign-invested property enterprise shall not stipulate any term on fixed return or disguised fixed return in any contract, constitution, equity transfer agreement or any other document in any form.

On July 29, 2008, the PBOC and the CBRC jointly issued the Notice on Promoting the Economical and Intensive Land Use by Financial Means (《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 fall into the annual land use schedule. It is forbidden to extend a loan for a project which does not comply with the relevant planning requirements, or for 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 Catalog (《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 the loan. With regard to projects listed on the National Restricted Land Use Projects Catalog (《限制用地項目目錄》), loans should be extended with due caution.
- Construction projects of economical and intensive land use shall be supported as a priority. Low rent housings, economically affordable housings, capped-price housings, and small to medium-sized ordinary commodity housing with units of GFA below 90 sq.m. shall be supported as a priority by complying with various policies of the PRC and conditions of extending loans by financing institutions.

The Notice on Issues Relating to Standardizing Different Residential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》) (Yinfa [2010] No. 275) jointly issued by PBOC and CBRC on September 29, 2010 provides:

- all commercial banks shall suspend the granting of housing loans to resident families for purchasing third and further residences; commercial banks shall also suspend the granting of housing loans to non-local residents who cannot provide local tax payment proof or proof of social insurance payment for a period of one year or longer;
- for the purchase of commodity housing with loans, the down payment shall be adjusted to more than 30% of the total price; for families who purchase a second residence with a mortgage loan, the down payment shall not be less than 50%, and the loan rate shall not be less than 1.1 times the benchmark rate; and
- all commercial banks shall strengthen the management of consumption loans, and prohibit such loans from being used for purchasing houses. For property development enterprises with land idle, that change the use and nature of land, delay the time of construction initiation or completion, hold back housing units for future sales, or have other records of violations of laws or regulations, all commercial banks shall suspend the granting of loans to them for new development projects and suspend the extension of loans. Any commercial bank which fails to earnestly implement the differential credit policies shall be seriously punished once the issue is ascertained.

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 provides that unless otherwise allowed under PRC laws and regulations, an overseas individual may purchase only one self-use property in China; any overseas institution which sets up a branch or representative office in China may purchase a non-residential property required for business purposes only in the city where such branch or representative office is registered.

INSURANCE OF PROPERTY PROJECTS

Pursuant to the Construction Law of the PRC (《中華人民共和國建築法》) enacted by the Standing Committee of the National People's Congress on November 1, 1997, which took effect on March 1, 1998 and was amended on April 22, 2011 and April 23, 2019, construction enterprises are required to pay for work injury insurance for workers, and encouraged to maintain and pay for accident and casualty insurance for workers engaged in dangerous operations.

The Guidance of the MOHURD on Strengthening the Insurance of Accidental Injury in Construction Works (《建設部關於加強建築意外傷害保險工作的指導意見》) (Jianzhi [2003] No. 107) issued by the MOHURD on May 23, 2003 further emphasizes the importance of accidental injury insurance in construction works and provides specific guidance.

MAJOR TAXES APPLICABLE TO PROPERTY DEVELOPERS

CIT

According to the “PRC Corporate Income Tax Law” (中華人民共和國企業所得稅法) which was promulgated by the National People’s Congress on March 16, 2007 and became effective on January 1, 2008, which was amended on February 24, 2017 and December 29, 2018:

- A resident enterprise shall pay corporate income tax on its income derived from both inside and outside China;
- for a non-resident enterprise with offices or establishments inside China, it shall pay corporate income tax on its income derived from China as well as on income that it earns outside China which has a real connection with said offices or establishments; for a non-resident enterprise with no office or establishment inside China, or for a non-resident enterprise whose income has no actual connection to its offices or establishment inside China, it shall pay corporate income tax on income derived from China; and
- where any provision in a tax treaty concluded between the government of the PRC and a foreign government is different from the provisions in this law, the provision in the treaty shall prevail.

Pursuant to the Implementation Rules of Corporate Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) which was enacted by the State Council on December 6, 2007, revised on April 23, 2019, and became effective from January 1, 2008, income obtained by a non-resident enterprise with no office or establishment inside China, or for a non-resident enterprise whose income has no actual connection to its institution or establishment inside China shall be taxed at the reduced 10% rate. The following income shall be exempted from CIT:

- interest income obtained by a foreign government from loans to the Chinese government;
- interest income obtained by an international financial organization from loans to the Chinese government or the resident enterprises thereof at preferential rates; and
- other income as approved by the State Council.

The Announcement on Issues concerning “Beneficial Owners” in Tax Treaties (國家稅務總局關於稅收協定中“受益所有人”有關問題的公告) (Notice 9 of SAT) promulgated by SAT on February 3, 2018, introduced various factors to adversely impact the recognition of such “beneficiary owners”.

Pursuant to the Confirmation of Completion Conditions for Development of Products by Property Developer (《關於房地產開發企業開發產品完工條件確認問題的通知》) (Guoshuihan [2010] No. 201) promulgated by the SAT on May 12, 2010, a property is deemed completed when its delivery procedures (including move-in procedures) have commenced or when the property is in fact put in use. Property developers should settle and calculate the amount of corporate income tax for the current year in a timely manner.

Business Tax and Value Added Tax

According to the Announcement of the State Administration of Taxation on Issues Concerning the Special Tax Treatment Applicable to Equity Transfer by Non-resident Enterprises (國家稅務總局關於非居民企業股權轉讓適用特殊性稅務處理有關問題的公告) issued by the State Administration of Taxation in December 2013 and the Announcement on the Several Issues Relating to Enterprise Income Tax on Non-resident Enterprises’ Indirect Asset Transfer (國家稅務總局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) issued by the State Administration of Taxation in February 2015, if a non-resident enterprise transfers its shares in a foreign enterprise which holds shares in a PRC resident enterprise, this transfer may be subject to CIT at the rate of 10%, provided, if such non-resident enterprise is deemed by the relevant PRC authorities to have indirectly transferred its shares in the PRC resident enterprises through an arrangement without reasonable commercial purposes that results in the abuse of organizational structure.

According to the Circular on Printing and Issuing the Pilot Program for Transition from Business Tax to Value Added Tax (關於印發《營業稅改徵增值稅試點方案》的通知) (caishui [2011] No.110) jointly issued by the MOF and State Administration of Taxation on November 16, 2011, the MOF and the State Administration of Taxation introduced two new band rates of 11% (transportation and construction industries) and 6% (part of modern service industries) on the basis of the standard value-added tax rate of 17% and the lesser value-added tax rate of 13% first commenced in Shanghai on January 1, 2012. Furthermore, nine cities and provinces have also officially applied to participate, specifically Tianjin, Chongqing, Jiangsu, Anhui, Fujian, Xiamen, Shenzhen, Hunan and Hainan in accordance with the Circular on Implementing the Pilot Policy of Transition on business tax to value-added tax in eight cities and provinces including Beijing jointly issued by the MOF and State Administration of Taxation. The policy was implemented on November 1, 2012 according to the Circular for Taxpayers Handling the Taxes Issues in Shenzhen as a Pilot City on Transition from business tax to value-added tax issued by Shenzhen Municipal Office of the State Administration of Taxation and Administration of Local Taxation of Shenzhen Municipality on August 31, 2012. The transportation and part of the modern service industries are included in the scope of business tax to value-added tax. The advertisement and storage and other logistics services provided by our Company are subject to the policy of the transition from business tax to value-added tax.

On March 23, 2016, the MOF and the State Administration of Taxation jointly issued the “Notice on Overall Implementation of the Pilot Program of Replacing Business Tax with Value added Tax” (財政部、國家稅務總局關於全面推開營業稅改徵增值稅試點的通知), which was partly amended on July 11, 2017 and March 20, 2019, under which the business tax was totally replaced by value-added tax in an All-round Manner. In particular, the provision of services in transportation, construction or real property lease, the sale of real property are subject to the rate of 11%; the provision of advisement and other modern services are subject to the rate of 6% and the sale of self-developed old real estate projects (refers to real estate projects launched time before April 30, 2016 stating on the construction works commencement permit) by a common taxpayer among real estate developers shall be subject to a simple tax rate of 5%.

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 and implemented on May 1, 2016, “self-development” means infrastructure facilities and buildings erected on the land with land use rights which are 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.

Value added tax (“VAT”) is payable by taxpayers in the calendar month immediately following receipt of presale proceeds of real estate self-development in accordance with a given formula. The applicable rate is 11%. Nevertheless, for taxpayers conducting old real estate projects and who have chosen to apply 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 stated in the Construction Permits prior to April 30, 2016, and (2) construction projects with no commencement dates stated in the Construction Permits, or construction projects with commencement dates of construction stated in the construction contracts prior to April 30, 2016, but have not yet received Construction Permits.

On November 19, 2017, the Interim Regulations of the People’s Republic of China on 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.

LAT

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》) (Decree No. 138 of the State Council), which was enacted on December 13, 1993 and amended on January 8, 2011:

- any taxpayer who gains income from the transfer of property shall be subject to land appreciation tax;

- land appreciation tax shall be subject to a regime of four progressive rates: 30% on the amount of appreciation not exceeding 50% of the sum of deductible items; 40% on the amount of appreciation exceeding 50% but not exceeding 100% of the sum of deductible items; 50% on the amount of appreciation exceeding 100% but not exceeding 200% of the sum of deductible items; and 60% on the amount of appreciation exceeding 200% of the sum of deductible items;
- a taxpayer is exempt from land appreciation tax if: (i) the taxpayer builds houses of ordinary standard for sales and the amount of appreciation does not exceed 20% of the sum of deductible items; (ii) land and properties recalled and requisitioned for construction purposes by the PRC government according to law; and
- deductions to be made in the calculation of land appreciation comprise: (i) the lease price paid for the use of the land; (ii) the cost and expenses spent in the development of the land; (iii) the cost and expenses in the construction of new buildings and attached installations, or the appraisal prices of old buildings and structures; (iv) tax payments arising from the transfer property; (v) other deductions as prescribed by the Ministry of Finance (“MOF”).

The Notice in respect of the Administration of the Collection of Land Appreciation Tax (《關於認真做好土地增值稅徵收管理工作的通知》) (Guoshuihan [2002] No. 615) issued by SAT also on July 10, 2002 requests that local tax authorities modify the management system for land appreciation tax collection and related operation procedures, to build up a proper tax return system for land appreciation tax and to improve the methods of pre-levying tax for pre-sold properties. The Notice also indicated that the preferential policy of land appreciation tax exemption has expired and that such tax shall be levied again for first time transfer of properties under property development contracts signed before January 1, 1994 or project proposals that have been approved and capital was injected for development.

The Notice of the SAT in respect of Further Strengthening the Administration of the Collection of Land Use Tax and Land Appreciation Tax in Cities and Towns (《國家稅務總局關於進一步加強城鎮土地使用稅和土地增值稅徵收管理工作的通知》) (Guoshuifa [2004] No. 100) on August 5, 2004 indicated that the collection of land appreciation tax should be further strengthened. Deductions and exemptions of the land appreciation tax which were not approved by competent authorities, shall be corrected immediately and shall be levied again. Except for the construction of economically affordable houses, land appreciation tax for other kinds of land for property development shall not be reduced or eliminated. The Notice of Certain Issues Regarding Land Appreciation Tax (《關於土地增值稅若干問題的通知》) (Caishui [2006] No. 21) issued by ministry of finance and SAT on March 2, 2006, and clarifies the relevant issues regarding land appreciation tax as follows:

- the Notice sets out the defined standards for ordinary standard residential properties. Where any developers build ordinary standard residential properties as well as other commodity properties, the value of land appreciation shall be assessed separately. In respect of ordinary standard residential properties for which application for tax exemption has been filed with the tax authority at the locality of the property before the Notice is issued and for which land appreciation tax exemption has been granted by the tax authority on the basis of the criteria of ordinary residential properties originally set by the people’s government of the province, autonomous region or municipality, no adjustment shall be made retroactively;
- all regions shall further improve the measures for the advance collection of land appreciation tax, and decide the advance collection rate in a scientific and reasonable manner, and adjust it at a proper time according to the level of value appreciation in the property industry and market conditions within the region and on the basis of the specific property categories, namely, ordinary standard residential properties, non-ordinary standard residential properties and commercial properties. After a project is completed, the relevant settlement shall be handled in a timely manner, with any overpayment refunded or any underpayment being made up;
- if any tax pre-payment is not paid within the advance collection period, overdue fines shall be imposed additionally as of the day following the expiration of the prescribed advance collection period, according to the relevant provisions of the Law of Tax Collection and Administration (《稅收徵收管理法》) and its implementation rules; and

- as to any property project that has been completed and passed the inspection upon completion, where the floor area of the property as transferred makes up 85% or more in the saleable floor area, the tax authority may require the relevant taxpayer to settle the land appreciation tax on the transferred property according to the matching principles regarding the proportion between the income as generated from the transfer of property and the amount under the item of deduction. The specific method of settlement shall be prescribed by the local tax authority of a province, autonomous region, municipality, or a city under separate state planning.

The Notice on the Administration of the Settlement of Land Appreciation Tax of Property Developer (《國家稅務總局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》) (Guoshuifa [2006] No. 187) issued by the SAT on December 28, 2006, which came into effect on February 1, 2007, provides:

- the settlement of land appreciation tax shall be made for each property development project approved by the relevant departments of the state; as for a project developed by stages, the settlement shall be made for each stage of the project. Where a development project includes both ordinary housing and non-ordinary housing, the appreciation shall be calculated separately;
- where it is under any of the following circumstances, the taxpayer shall settle its land appreciation tax when: (i) a property project is completed and sold out; (ii) when an unfinished real estate development project without the final accounting of revenue and expenditure is transferred as a whole to a third party or (iii) the land use right is directly transferred;
- the competent tax authority may ask the taxpayer to settle its land appreciation tax where: (i) for projects that have completed construction and acceptance examination, the building area already transferred makes up 85% or more of the salable building area of the whole project, or where this proportion is below 85%, the residuary salable building area has been leased or is in self-use; (ii) the sales are not completed upon the expiration of three years since the day when the sales (or pre-sale) permit is obtained; (iii) the taxpayer has applied for writing-off tax registration but has not gone through the formalities for the settlement of land appreciation tax yet; or (iv) other circumstances as prescribed by the provincial tax authorities;
- where a property enterprise uses its property development for the welfare of its workers, rewarding, foreign investment, distributions to the shareholders or investors, repaying its debts, or in exchange for the non-monetary assets of any other entity or individual, among other things, if the ownership is transferred, it shall be deemed as a sale of property, and revenue therefrom shall be determined in accordance with the following: (i) revenue shall be determined in accordance with the average price of the same kind of property sold by the company in the same region and in the same year; (ii) revenue shall be determined by the competent tax authority by referring to the market price or appraised value of the same kind of property sold in the same region and in the same year;
- where a property enterprise uses developed portions of its property development for self-use, lease or any other commercial purpose, if the relevant property ownership rights are not transferred, the land appreciation tax thereon shall be exempted, the revenue therefrom shall not be listed in the settlement of tax payment, and the corresponding costs and expenses shall not be deducted; and
- the tax authority may, by consulting the tax burdens of the local enterprises similar to it in terms of development scale and income level, collect land appreciation tax from the property developer by verification on the basis of the levying rate that is not lower than the advance levying rate, where: (i) the property developer fails to set up accounting books in accordance with the provisions of laws and administrative regulations; (ii) the property developer destroys the accounting books without authorization or refuses to provide the data of payments; (iii) the property developer has established accounting books, but the accounting items are confusing, or its cost information, revenue vouchers and expense vouchers are damaged or incomplete and it is difficult to determine the transfer income or amount under the deductible items; (iv) the property developer satisfies the settlement conditions of land appreciation tax, but it fails to go through the settlement formalities within the prescribed time limit, and it is ordered by the tax authority to conduct settlement within a certain time limit but still fails to do so upon the expiration of the time limit; (v) the taxable basis declared is obviously on the low side and without legitimate reason.

Deed Tax

Pursuant to the Provisional Regulations of the PRC on Deed Tax (《中華人民共和國契稅暫行條例》) (Decree No. 224 of the State Council) enacted by the State Council on July 7, 1997 and amended on March 2, 2019, which became effective on October 1, 1997:

- the transferee, whether an entity or individual, of the title to a land site or building in the PRC shall have to pay deed tax; and
- the rate of deed tax is 3% to 5%. The people's government of provinces, autonomous regions and municipalities may, within the aforesaid range, determine and report their effective tax rates to the MOF and the SAT for record.

The Adjustments to Taxation on Property Transactions (《財政部國家稅務總局關於調整房地產交易環節稅收政策的通知》) (Caishui [2008] No. 137) ("Circular 137") issued by MOF and SAT on October 22, 2008, and was amended by the Notice on Adjusting Preferential Policies on Deed and Individual Income Tax in Property Transactions (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) on October 1, 2010, the stamp duty on residential properties sold or purchased by individuals, and the land appreciation tax on residential properties sold by individuals are temporarily suspended. Pursuant to Circular 137 and its amendments, the deed tax rate policy shall be levied at half the applicable rate on an individual who purchased an ordinary residential property that is the only housing owned by the family (members include the purchaser, his/her spouse and their minor child).

Urban Land Use Tax

Pursuant to the Provisional Regulations of the PRC Governing Land Use Tax in Cities and Towns (《中華人民共和國城鎮土地使用稅暫行條例》) enacted by the State Council on September 27, 1988, which came into effect on November 1, 1988, revised on December 31, 2006, December 7, 2013 and March 2, 2019, the entities and individuals using land within the scope of cities, counties, towns and industrial and mining zones shall be the taxpayers of the land use tax, and the land use tax shall be based on the areas of land actually occupied by the taxpayers for tax calculation, and shall be calculated and collected according to the amounts of tax to be paid as stipulated. The annual amounts of land use tax per square meter are as follows:

- RMB1.5 to RMB30 for large cities;
- RMB1.2 to RMB24 for medium sized cities;
- RMB0.9 to RMB18 for small cities; and
- RMB0.6 to RMB12 for cities under the county level, towns, and industrial and mining zones.

Property Tax

Pursuant to the Provisional Regulations of the PRC on Property Tax (《中華人民共和國房產稅暫行條例》) (Guofa [1986] No. 90) enacted by the State Council on September 15, 1986 and became effective from October 1, 1986 and was amended on January 8, 2011, property tax shall be 1.2% if it is calculated on the basis of the residual value of a property, and 12% if it is calculated on the basis of the rental.

Stamp Duty

Pursuant to the Provisional Regulations of the PRC on Stamp Duty (《中華人民共和國印花稅暫行條例》) (Decree No. 11 of the State Council) enacted by the State Council on August 6, 1988 and effective from October 1, 1988, and revised on January 8, 2011, for property rights transfer instruments, including those in respect of property ownership transfer, the rate of stamp duty shall be 0.05% of the amount stated therein; for permits and certificates relating to rights, including property ownership certificates and land use rights certificates, stamp duty shall be levied on an item basis of RMB5 per item.

Urban Maintenance and Construction Tax

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

Pursuant to the Notice of Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) (Guofa [2010] No. 35) promulgated by the State Council on October 18, 2010, regulations, rules and policies regarding urban maintenance and construction tax shall be applicable to foreign-invested enterprises, foreign enterprises and foreign individuals from December 1, 2010. Regulations, rules and policies in respect of urban maintenance and construction tax and education surcharge issued by the State Council as well as finance and tax department of State Council since 1985 and 1986 shall also be applicable to foreign-invested enterprises, foreign enterprises and foreign individuals.

Education Surcharge

Pursuant to the Provisional Provisions on Imposition of Education Surcharge (《徵收教育費附加的暫行規定》) (Decree No. 588 of the State Council) enacted by the State Council on April 28, 1986 and revised on June 7, 1990, August 20, 2005 and January 8, 2011, a taxpayer, whether an entity or individual, of product tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge as stipulated under the Notice of the State Council on Raising Funds for Schools in Rural Areas (《關於籌措農村學校辦學經費的通知》).

Pursuant to the Notice of Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) (Guofa [2010] No. 35) promulgated by the State Council on October 18, 2010, regulations, rules and policies regarding education surcharge shall be applicable to foreign-invested enterprises, foreign enterprises and foreign individuals from December 1, 2010.

MEASURES ON STABILIZING HOUSING PRICES

The General Office of the State Council enacted the Notice on Effectively Stabilizing Property Prices (《關於切實穩定住房價格的通知》) (Guobanfangmian [2005] No. 8) on March 26, 2005, requiring measures to be taken to restrain surging property prices and to promote the healthy development of the property market. On May 9, 2005, the General Office of the State Council forwarded the Notice of Opinion on Stabilizing Property Prices (《關於做好穩定住房價格工作意見的通知》) (Guobanfa [2005] No. 26) issued by departments including the MOHURD, which provides that:

- Intensifying the planning and control and improving the supply structure of houses:

All regions shall, according to the property market demand thereof, clarify the construction scale, project allocation and progress arrangement of common commodity houses and economically affordable houses of the current year and the next year as soon as possible. Where the house price is in excessive growth, the supply of common commodity houses and economically affordable houses at mediate or low prices are insufficient, emphasis shall be put on the common commodity houses and economically affordable houses at moderate or low prices in the house construction, and the areas of construction initiation and completion and the proportion of common commodity houses and economically affordable houses at moderate or low prices in the overall construction shall be clarified and be publicized to the general public as soon as possible and shall be subject to the social supervision so as to stabilize the social prediction. The people's governments at the provincial level shall reinforce the supervision and examination on the implementation of all municipalities (regions) and counties.

All the administrative departments of city planning shall, on the precondition of being in compliance with the overall city planning, accelerate the progress of work, give priority to the examination of projects in the planning and grant the guaranty for location choice according to the demand for the construction of common commodity houses and economically affordable houses at moderate or low prices. At the same time, the said administrative departments shall strictly control the construction of low-density or top grade houses. For those construction projects of common commodity houses at moderate or low prices, before any supply of land, the administrative department of city planning shall provide such requirements of planning and designing as height of buildings, volumetric fraction and green land according to the controlling detailed plan. The administrative department of property shall, in collaboration of the relevant departments, put forward such controlling requirements as the sales prices of houses and the areas of dwelling sizes, which shall be the precondition of any land transfer, so as to ensure an effective supply of small or medium-sized houses at moderate and low prices. All regions shall intensify the supervision and administration on the planning licensing for property development projects, carry out a second planning examination on those house projects that haven't been initiated for 2 years and resolutely cancel those projects that fail to meet the requirements of planning licensing;

- Intensifying the control over the supply of land and rigorously enforcing the administration of land:

All regions shall, on the precondition of a strict implementation of the overall layout and plan of land use, adjust the structure, mode and time of land supply in proper time according to any change of the property market. For those regions where the price of any land as used for residential house and the house price is in excessive growth, we should properly elevate the proportion of the land as used for residential houses in land supply, attach importance to increasing the land supply for the construction of common commodity houses and economically available houses. We should continuously cease the land supply for villas and strictly control the land supply for top-grade houses. We should further improve the land purchase and reserve system, actively introduce the market mechanism, straighten out land development, lower the costs of land development and enhance the supplying capability of land for common commodity houses;

- Adjusting the policies of business tax in the link of house transfer and strictly regulating the collection and administration of tax:

From June 1, 2005, where anyone resells his house that has been owned for less than 2 years, the business tax shall be collected on the basis of the full amount of income from the sale of his house; where anyone resells his common house that has been owned for more than 2 years (including 2 years), the business tax thereof may be exempted; where anyone resells his non-common house that has been owned for more than 2 years (including 2 years), the business tax shall be collected on the basis of the margin between the income from house sale and the payment for house purchase; All the regions shall strictly define the application scope of the current tax preferential policies concerning house and reinforce the administration of tax collection;

- Clarifying the standard of enjoying favorable policies for common houses and guiding the construction and consumption of houses in reasonable manner:

In order to guide the construction and consumption of houses, the development of land saving houses shall be fostered and the support of favorable policies to those common houses of medium or small sizes at moderate and low prices shall be granted. Those houses that enjoy the favorable policies shall, at the same time, satisfy the following conditions in principle: the volumetric fraction of the buildings in residential communities shall be more than 1.0, the floor space of a single set of apartment shall be less than 120 square meters, and the bargaining price is 1.2 times lower than the average dealing price of those houses as built on the land at an identical level. All provinces, autonomous regions and municipalities directly under the PRC government shall, according to the actual situations, formulate the specific standards for those common houses that may enjoy favorable policies within the administrative regions thereof. A proper float is allowed for the standard of floor space and price of a single set of apartment. However, the upward floating proportion shall not be more than 20% of the aforesaid standard. The specific standards of all municipalities directly under the PRC government and the capital cities of all provinces shall be reported to the MOHURD, the MOF and the SAT for archival filing and shall be promulgated before May 31, 2005;

- Intensifying the construction of economically affordable houses and improving the cheap house-renting system:

Opinion on Adjusting the Structure of Property Supply and Stabilizing Property Prices forwarded by the State Council on May 24, 2006 (《關於調整住房供應結構穩定住房價格的意見》) (Guobanfa [2006] No. 37) of the MOHURD and other relevant government authorities provides the following:

- Adjusting the structure of property supply:

Developers must focus on providing small to medium-sized ordinary commodity properties at low-to mid-level prices to cater to the demands of local residents. As of June 1, 2006, newly approved and commenced building construction projects must have at least 70% of the total construction works area designated for small apartments with floor areas of 90 sq.m. or below (including economically affordable units). If municipalities directly under the PRC government, cities listed on state plans and provincial capital cities intend to adjust such prescribed ratio based on special condition, they must obtain special approval from the MOHURD. Construction projects that have been approved but have not yet obtained a construction permit must follow the prescribed ratio;

- Further adjustments on tax, loan and land policies:
 - (i) from June 1, 2006, business tax will be levied on the full amount of the sales proceeds on conveyance of residential properties within a period of five years from the date of purchase. If an individual sells his ordinary standard apartment after five or more years from the date of purchase, business tax will normally be exempted. If an individual sells his non-ordinary apartment after five or more years from the date of purchase, business tax will be levied on the balance between the selling price and the purchase price; Commercial banks are not allowed to approve loan facilities to property developers who do not fulfill the capital fund requirement of 35% or more for their construction projects;
 - (ii) commercial banks should be prudent in granting loan facilities and/or revolving credit facilities in any form to the property developers who have a large reserve of idle lands and unsold commodity apartments. Banks shall not accept mortgages of commodity properties remaining unsold for three years or more;
 - (iii) at least 70% of the total land supply for residential property development must be used for developing small to medium-sized ordinary housing (including economical housing) and low-cost housing. Based on the restrictions of residential property size ratio and residential property price, land supply will be granted by way of auction to the property developer. Land supply for villa construction shall continue to be suspended, and land supply for low-density and large-area housing property construction shall be strictly restricted; and
 - (iv) the relevant authorities will levy a higher surcharge against those property developers who have not commenced the construction works for more than one year from the commencement date stipulated in the State-owned land use right contract and will order them to set the schedule for commencing the construction works and completion. The relevant authorities will confiscate without compensation the State-owned land use right from those property developers who have not commenced the construction works beyond two years from the commencement date stipulated in the State-owned land use right contract without proper reasons. The relevant authorities will dispose of the idle land of those property developers who have suspended the construction works consecutively for one year without an approval, have invested less than one-fourth of the total proposed investment or have developed less than one-third of the total proposed construction area.

A supplemental Opinion on the Implementation of the Residential Property Size Ratio in Newly Built Residential Buildings (Jianzhufang [2006] No. 165) (《關於落實新建住房結構比例要求的若干意見》) promulgated by the MOHURD on July 6, 2006, provides that, as of June 1, 2006, for newly approved and newly commenced commodity residential projects in different cities including town and counties (from June 1, 2006 and onward), at least 70% of the total construction area must be used for building small apartments (including economically affordable units) with unit floor area of 90 sq.m. or below.

The Implementation of the Several Opinions of the State Council on Solving Housing Difficulties of Low-Income Household in Urban Cities and Further Strengthening Control on Land Supply (《關於認真貫徹<國務院關於解決城市低收入家庭住房困難的若干意見>進一步加強土地供應調控的通知》) (Guotuzifa [2007] No. 236) issued by the Ministry of Land and Resources on September 30, 2007 and amended on December 3, 2010, provides:

- to tighten the measures on the disposal of idle land, the land resources administrative bureau at the city or county level shall give priority to the construction land of low renting housing, economically affordable housing and low-to-medium size ordinary commodity housing at low-to-medium prices when drafting the annual land supply plan and the annual supply of such houses shall not be less than 70% of the total amount of annual land supply; and
- the local authorities shall control the land supply and shorten development period, under which development period of a parcel of land shall not be more than three years in principle, in order to ensure the efficiency of land development.

Circular on Conservation of Intensive-used Land by Financial Policies (《關於金融促進節約集約用地的通知》) (Yinfa [2008] No. 214) jointly issued by PBOC and CBRC on July 29, 2008 required financial institutions to tighten the credit financing granted to construction projects, municipal infrastructure and industrial land projects, rural collective construction land projects and commercial property projects. Commercial banks shall not grant loans to property developer for the purpose of paying land premium nor to finance any of the following property projects:

- construction projects which belong to the prohibited category;
- property development project on a rural collective construction land; and
- property development project on land which has been idle for two years or more.

Pursuant to Circular on Promoting the Stable and Healthy Development of the Property Market (《關於促進房地產市場平穩健康發展的通知》) (Guobanfa [2010] No. 4) issued by the State Council on January 7, 2010, to further strengthen and to improve the regulation on property market. In order to manage market expectation and to promote the steady and healthy development of property market, the supply of affordable housing and general commodity apartments will be increased to meet the demand of users and to deter speculating buyers. The increase in housing supply can also facilitate risk management and market regulation. In addition, the minimum down payment of mortgage loan for additional residential property shall be 40% of the value of the property to be purchased by any member of a family (including the borrower, his or her spouse and dependent children) which has already purchased a residential property by mortgage loan. The interest rate of the mortgage loan for additional residential property shall reflect the associated risk level.

The Notice on Resolutely Curbing the Soaring of Property Price in Certain Cities (《關於堅決遏制部分城市房價過快上漲的通知》) (Guofa [2010] No. 10) issued by the State Council issued on April 17, 2010 provides a series of new measures to suppress the surge of property price in certain cities of China, which included (among others) the following:

- Increasing the minimum requirement of down payment:
 - (i) for the purchase of a first residential property with a GFA of 90 sq.m. or above, the down payment shall not be less than 30% of the purchase price of the relevant property;
 - (ii) for the purchase of a second residential property, the down payment shall not be less than 50% of the relevant purchase price, and the interest rate of mortgage loan shall not be lower than 1.1 times of the benchmark interest rate for loan of one-year period of PBOC; and
 - (iii) for those who purchase a third or subsequent property by mortgage loan, commercial banks shall significantly increase the ratio of down payment to the total payment and the minimum mortgage interest rate.

- Control of bank loan:

In areas where property prices grow too fast, commercial banks may suspend granting mortgage loans to purchaser who is buying the third or subsequent property; Commercial banks shall suspend granting loans to those non-local buyers who fail to provide the proofing documents of local tax payment or social insurance premium payment for more than one year; Local government may take provisional measures to limit the maximum numbers of properties a household may own; Developers which engage in speculation shall be punished; Commercial banks shall not grant loans to developers which possess idle lands or manipulate the land reserve or price; and China Securities Regulatory Commission (“CSRC”) may suspend the review of application for the listing of shares, reorganization and re-financing of developers which engage in speculations.

- Disclosure of property title ownership:

Property developers who have submitted information of the completed property for sales to the local government or have obtained the permit for pre-sales shall make an announcement regarding the property project available for sales to the public in a timely manner, and shall sell the property at the same price as that filed with the local government.

Pursuant to the Notice on Adjusting the Taxation Preferential Treatment on Deed Tax and Personal Income Tax Applicable to Property 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》) (Caishui [2010] No. 94) jointly issued by the MOF, SAT and MOHURD on September 29, 2010 and became effective on October 1, 2010. According to the Notice, households (including the purchaser, his or her spouse and children under the age of 18) are entitled to a 50% reduction of deed tax for the purchase of the first residential property. If the GFA of the residential property is less than 90 sq.m., the applicable deed tax will be decreased to 1%. No exemption will be granted to any purchaser who purchases another residential property within one year after the disposal of the original property.

Pursuant to the Notice on Issues Relating to Further Regulating the 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》) (Guo banfa [2011] No. 1) issued by the General Office of the State Council on January 26, 2011 provides:

- greater effort is required for the construction of affordable housing. It is required that 10 million units of affordable housing units and redeveloped units in squatter areas shall be developed in 2011. Local governments shall ensure that not less than 70% of its land supply shall be restricted for the development of affordable housing units, redevelopment of squatter areas and small and medium-sized commodity housing units. The quality of new property developers and their sources of funds shall be stringently scrutinized;
- entities and individuals participating in bidding for lands are required to disclose and prove the sources of their funding. Change of use of land for affordable housing is prohibited and violation of this restriction will be severely punished. The land use right of land allocated for property development but remain undeveloped for more than two years shall be forfeited. If a land remains undeveloped for more than one year, penalty for idling will be imposed. Local governments are required to identify any illegal transfer of land use right and take necessary actions accordingly. No allocation of land shall be made and no property development project shall be approved if the investment of a property development project (exclusive of land premium) is less than 25% of the value of the project; and
- if any individual sells his or her residential property within five years from the date of purchase, a unified business tax will be levied on the proceeds from such sale. For those who purchase a second residential property by credit loans, the down payment shall not be less than 60% of the total purchase price, while the interest rate of such loan shall not be lower than 1.1 times of the benchmark interest rate. In any city, local families who already own a residential property, or non-local families who can provide the proofing documents of the payment of local tax or social insurance for certain years may only purchase one residential property (including new commodity apartments and second-hand properties). Local families who already own two or more properties or non-local families who fail to provide the proofing documents of the payment of local tax or social insurance for specified periods may not purchase any property in that city.

The Regulation on Clear Pricing of Commercial Property (《商品房銷售明碼標價規定》) (Fagaijiage [2011] No. 548) promulgated by NDRC on March 16, 2011, which took effect on March 16, 2011, provides:

- property developers and intermediary service agencies within the territory of the PRC (“business operators of commodity housing”) shall sell newly built commodity housing at expressly marked prices in accordance with these Provisions. Intermediary service agencies shall sell second-hand housing at expressly marked prices with reference to these provisions;
- competent price departments of governments at all levels shall be the organs for administration of sales of commodity housing at expressly marked prices, and shall conduct supervision and inspection, in accordance with the law, over the compliance by business operators of commodity housing with the requirements for clear indication of prices and public notice of the charges;
- property business operators with the pre-sale license and those selling completed housing shall expressly indicate the prices of the housing when disclosing the housing resources;
- a business operator of commodity housing shall place price tags, price lists or price brochures in eye-catching places of property transaction venues, and may, where conditions permit, adopt other means such as electronic information screens, multimedia terminals or computer inquiry at the same time. Prices expressly marked through multiple means mentioned above shall be consistent with one another;
- when marking the price of a commodity housing, the seller shall make sure that all chargeable items are disclosed, that the price is true, definite and marked in a legible and eye-catching manner, and that the number of the complaint hotline of the competent pricing department is given; and
- in the sales of commodity housing, one unit shall be given one expressly marked price, and business operators of commodity housing shall clearly mark the price of each housing unit. Where a unit is priced according to its floor area or built-in floor area, the price per floor area or the price per built-in floor area shall also be given.

The Notice on Continuing Adjustment and Control of Property Markets (《關於繼續做好房地產市場調控工作的通知》) (Guo Ban Fa [2013] No. 17, hereinafter referred to as the “No. 17 Notice”) promulgated and implemented by the General Office of the State Council on February 26, 2013 provides:

- Continuing to enforce purchase restrictions imposed on commodity housing

All administrative regions of a city subject to purchase restrictions shall be covered under such restrictions. Types of houses subject to purchase restrictions shall include all newly-constructed commodity housing and second-hand housing. The house purchase eligibility shall be examined before the conclusion of a house purchase contract (or a letter of purchase intent).

For the time being, houses within the administrative regions of a city shall not be sold to a family without local household register that already owns one or more houses, and a family without local household register that is unable to provide proofs for a certain number of consecutive years of local tax payment or social insurance contribution. For cities with soaring housing prices, the local branches of the PBOC may further raise the percentage of the minimum down payment and loan interest rates for second-home purchases according to policy requirements and the price control targets determined by local people’s governments for newly-constructed commodity housing. Tax authorities shall closely cooperate with departments of housing and urban-rural development to levy individual income tax payable on the sales of owner-occupied houses at 20% of the transfer income in strict accordance with the law if the original value of the houses sold can be verified through historical information such as tax collection and house registration.

- Increasing supply of ordinary commodity housing and land for property construction

In principle, total supply of land for housing construction in 2013 shall not be less than the average actual supply over the past five years. Where more than 70% of the total units developed and built under an ordinary commodity housing construction project are small and medium-sized units, banking financial institutions shall give priority to supporting its credit needs for project development as long as credit extension conditions are satisfied.

- Strengthening expectation management of property market

Starting from 2013, all regions shall raise the pre-sale threshold for commodity housing. All regions shall earnestly strengthen the management of the funds obtained from pre-sales, and improve regulatory systems in this regard. Regions that have not yet implemented regulation of the funds obtained from pre-sales shall accelerate the pace for formulating their respective regulatory measures for funds obtained from commodity housing pre-sales. The issuance of pre-sale permits may be temporarily suspended for commodity housing projects that command excessively high prices in their pre-sales programs and that refuse to be directed by the departments of housing and urban-rural development of the relevant cities, or commodity housing projects for which the funds obtained from pre-sales are not regulated.

- Strengthening the credit management of property developers

Relevant departments shall establish a joint action mechanism to mete out heavier punishments against property developers that possess idle land, engage in land speculation, hoard properties, drive up prices or commit other illegalities or irregularities. Departments of land and resources shall prohibit such property developers from bidding for new land plots, banking financial institutions shall not grant loans for their new development projects, securities regulatory authorities shall suspend the approval of their applications for listing, refinancing or major asset restructuring, and banking regulatory authorities shall prohibit them from raising funds through trust schemes. Tax authorities shall reinforce the collection and administration of the land appreciation tax, and conduct collection audit and inspection in strict accordance with relevant provisions.

The Notice about Forwarding Notice of the General Office of the State Council on Continuing Adjustment and Control of Property Markets issued and implemented by the General Office of the People's Government of Guangdong Province (《廣東省人民政府辦公廳轉發國務院辦公廳關於繼續做好房地產市場調控工作的通知》) (Yue Fu Ban [2013] No. 11) on March 25, 2013 sets forth specific measures for carrying out and implementing the No. 17 Notice, including the following:

- Effectively implementing the accountability system for stabilizing housing prices

Guangzhou and Shenzhen municipalities shall, in accordance with the principle of maintaining basic stability of housing prices, determine the annual price control targets for newly-constructed commodity housing in 2013, register such targets with the relevant government departments and announce such targets to the public before the end of March 2013.

- Firmly enforcing purchase restrictions imposed on commodity housing

Individual income tax payable on the sales of owner-occupied houses at 20% of the transfer income shall be strictly levied.

Guangdong, Shenzhen, Zhuhai and Foshan municipalities shall continue to strictly enforce purchase restrictions policies for residential housing, and the existing restrictions policies which are not inconsistent with the No.17 Notice shall be adjusted immediately.

- Increasing supply of small and medium-sized ordinary commodity housing and land for property construction

Relevant departments of cities above prefectural level shall announce to the public their annual housing supply plans for 2013, and register the plans with the provincial department of land resources.

A fast-track administrative examination and approval channel for construction projects of small and medium-sized ordinary commodity housing with units which are below 90 sq.m. shall be established. Land supply, construction and delivery for sales of the projects of small and medium-sized ordinary commodity housing shall be accelerated.

- Strengthening the supervision and management of the property market

Provisions regarding management of pre-sales of commodity housing indicated in Administrative Regulations of Guangdong Province on Pre-sales of Commodity Housing (《廣東省商品房預售管理條例》) shall be strictly implemented. Regions where necessary conditions are satisfied shall raise the pre-sale threshold for commodity housing.

On September 29, 2014, the PBOC and CBRC jointly issued the Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving Housing Financial Services (中國人民銀行、中國銀行業監督管理委員會關於進一步做好住房金融服務工作的通知) which specified that for a family who buys its first ordinary residential property for self-use with a loan, the minimum percentage of down payment is 30%, and the lower limit of loan interest rate is 70% of the benchmark rate, to be decided by banking financial institutions in light of risk conditions; for a family who has paid up the loan of its first residential property and applies for a loan again to buy an ordinary residential property as an upgrade to living conditions, the loan policies for first residential property shall apply. The notice also specified that in cities where the measures of "restrictions on house buying" are lifted or not imposed, for a family who owns two or more residential properties and has paid up loans for them, and applies to buy another residential property with a loan, banking financial institutions shall decide on the percentage of down payment and interest rate by prudently considering the borrower's solvency and credit status. The banking financial institutions may, according to local plans on urbanization, grant housing loans to non-local residents who meet policy requirements.

On March 30, 2015, the MOF and the SAT jointly issued the "Notice on Adjusting the Business Tax Policies on Individual Housing Transfers" (《關於調整個人住房轉讓營業稅政策的通知》) (Cai Shui [2015] No. 39), which provides that: (i) where any individual sells a residential property held for less than two years after the day of purchase, the business tax thereon shall be collected in full amount; (ii) where any individual sells a non-ordinary residential property held for two years or more after the date of purchase, the business tax thereon shall be collected on the basis of the balance between the sales income and the purchase price of the house; (iii) where any individual sells an ordinary residential property held for two years or more after the day of purchase, he shall be exempt from the business tax thereon. On March 30, 2015, the PBOC, MOHURD, and the CBRC jointly issued the "Notice on Issues concerning Individual Housing Loan Policies," which provides that: (i) where the family of an employee who contributes to the housing provident fund uses an entrusted housing provident fund loan to purchase its first ordinary housing unit for its own use, the minimum down payment ratio shall be 20%. (ii) where the family of an employee who contributes to the housing provident fund owns the housing unit, and the loan for the purchase of the housing unit has been paid off, if the family applies again for an entrusted housing provident fund loan to purchase an ordinary housing unit for its own living to improve its current living conditions, the minimum down payment ratio shall be 30%.

On February 1, 2016, the PBOC and the CBRA jointly issued the "Notice on Issues concerning Adjusting the Individual Housing Loan Policies," (《關於調整個人住房貸款政策有關問題的通知》) (Ying Fa [2016] No. 26) which provides that: (i) In cities where "housing purchase restriction" measures are not implemented, the minimum down payment ratio for commercial individual housing loans granted to households of residents for purchasing ordinary housing units for the first time shall generally be 25%, and may be lowered by 5% by local governments; and where a household which owns one housing unit but has not paid off the relevant housing loan applies again for a commercial individual housing loan to purchase an ordinary housing unit improve living conditions, the minimum down payment ratio shall not be less than 30%; (ii) In cities where "housing purchase restriction" measures are implemented, the individual housing loan policies shall remain unchanged.

Local Restrictive Measures

The following discussion relates to measures adopted by various cities in which we operate to restrict local property purchases. As of December 31, 2013, Shantou, Dongguan, Lingshui and Zhongshan had not issued laws or regulations restricting property purchases.

Shenzhen

The Notice of the General Office of People's Government of Shenzhen City on Continuing Adjustment and Control of Property Markets (《深圳市人民政府辦公廳關於繼續做好房地產市場調控工作的通知》) (Shen Fu Ban [2013] No. 12) issued and implemented on March 31, 2013 sets forth specific measures for carrying out the No. 17 Notice and No. 11 Notice, including the following:

- Strengthening the levy of tax on property

Individual income tax payable on the sales of owner-occupied houses shall be strictly enforced pursuant to the No. 17 Notice. Property appraisal methods shall be improved to exert active effects on levying tax on property. Collection and administration of taxes on transactions involving existing housing inventory shall be continued to strengthen, and timely and appropriate adjustments to property appraisals shall be conducted in accordance with the housing price changes.

- Strictly implementing differentiated credit extension policies based on housing types

The Central Sub-branch of the PBOC may adjust the percentage of the minimum down payment and loan interest rates for second-home purchases according to policy requirements and the price control targets determined by Shenzhen City for newly-constructed commodity housing when necessary.

- Strictly enforcing the purchase restrictions imposed on commodity housing

Department of urban planning and land resources shall strengthen cooperation with departments for tax, civil administration, public security, social security and others to realize information sharing and to stop circumvention of purchase restrictions through remedial payments of social security, multiple household registers or other methods. Relevant departments shall strengthen investigations and punishments on irregularities and violations, such as providing false information, using deceptive means to obtain the filing for pre-sale contracts or and property transfer registrations, in order to firmly curb property speculation.

- Further strengthening the market regulation and expectation management of the property market

The credit management system of property industry shall be further improved. Unlawful sales shall be recorded into the relevant property enterprise's credit files, and shall be resolved according to relevant regulations.

Guangzhou

Pursuant to the Implementation Opinion of the Office of Guangzhou People's Government on Relevant Matters about the Implementation of the Circular of the Office of State Council on the Further Improvement of Control over the Real Estate Market (《廣州市人民政府辦公廳關於貫徹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的實施意見》) (Sui Fu Ban [2011] No. 3) promulgated by Guangzhou People's Government on February 23, 2011, it temporarily was stipulated for Guangzhou from the date of issuing this opinion that any household with a local registered residence which has already owned one residence and any household without a local registered residence which is able to produce a local tax payment certificate or a proof of social insurance contribution for more than one year in total within two years shall be restricted to purchasing one residence (including newly-constructed commodity housing and second-hand housing) within a specified period. In respect of any household with a local registered residence which has already owned two or more residences, any household without local registered residence which has already owned one or more residence(s), and any household without a local registered residence which is unable to provide a local tax payment certificate or a proof of social insurance contribution for more than one year in total within two years, no houses within such household's own city can be sold to such households for the time being. For any foreign institution's and individual's purchase of commodity housing, it must be strictly subject to relevant policies of the country. No registration for real estate will be made for any home purchase in breach of relevant provisions. Any person without a local registered residence who fulfills the conditions of high-level talent specified in the Opinions of the Guangzhou People's Government of the Party Committee of Guangzhou, PRC on Faster Attracting and Cultivating High-level Talents (《中共廣州市委廣州市人民政府關於加快吸引培養高層次人才的意見》) (Sui Zi [2010] No. 11) has no residence in Guangzhou may purchase one residence.

Opinions on Implementation of the Notice about Forwarding Notice of the General Office of the State Council on Continuing Adjustment and Control of Property Markets issued and implemented by General Office of the People's Government of Guangdong Province issued and implemented by General Office of the People's Government of Guangzhou Municipality (《廣州市人民政府辦公廳關於貫徹廣東省人民政府辦公廳轉發國務院辦公廳關於繼續做好房地產市場調控通知的實施意見》) (Sui Fu Ban [2013] No. 14) on March 31, 2013 set forth more specific measures for adjustment and control of property market under the No. 17 Notice and No. 11 Notice, including the following:

- Effectively implementing the accountability system for stabilizing housing prices

Rises in prices of newly-constructed commodity housing (excluding affordable housing) should be lower than actual rises in capita disposable income of urban residents in Guangzhou.

- Firmly enforcing purchase restrictions imposed on commodity housing

A family without local household register that is able to provide proofs for one consecutive year of local tax payments or social insurance contributions within two years before the date of purchase is limited to purchasing one house (including newly-constructed commodity housing and second-hand housing). A family without local household register shall not purchase houses through certifications of remedial payments of local tax or social insurance.

The Guangzhou branch of the PBOC may further raise the percentage of the minimum down payment and loan interest rates for second-home purchases according to policy requirements and the price control targets for newly-constructed commodity housing in Guangzhou in 2013.

Individual income tax payable on the sales of owner-occupied houses shall be strictly enforced pursuant to the No.17 Notice. The collection and administration of the land appreciation tax shall be reinforced, and collection of the land appreciation tax of property projects shall be conducted with increased efforts.

- Increasing supply of small and medium-sized ordinary commodity housing and land for property construction

The land supply for affordable housing and middle to low-priced, small and medium-sized units housing should be not lower than 70% of the total land supply for housing. Land supply for low-density housing with volume ratios equal to or lower than one shall be prohibited.

A fast-track administrative examination and approval channel for construction projects of small and medium-sized ordinary commodity housing which are below 90 sq.m. shall be established. Where more than 70% of the total units developed and built under an ordinary commodity housing construction project are small and medium-sized units, banking financial institutions shall give priority to supporting the project's credit needs as long as credit extension conditions are satisfied.

- Strengthening the market regulation and expectation management of the property market

The issuance of pre-sale permits may be temporarily suspended for commodity housing projects that command excessively high prices in their pre-sale programs and that refuse to be directed by the land resources and housing administrative departments.

Guangzhou's Land Resources and Housing Administrative Bureau shall take the lead and cooperate with departments for industry and commerce, price control, construction and other departments to increase rectifications and regulations of the order of property market, to focus on investigating illegalities and irregularities such as violations of housing purchase restriction policies, unlawful sales, unlawful property brokerage, driving up prices and publishing false advertisements.

CIVIL AIR DEFENSE PROPERTY

There are several laws and regulations in the PRC regarding the civil air defense project construction, including Law of the People's Republic of China on National Defense (《中華人民共和國國防法》), Civil Air Defense Law of the People's Republic of China (《中華人民共和國人民防空法》), Measures of the Development and Utilization of Civil Air Defense Construction during Peacetime (《人民防空工程平時開發利用管理辦法》) and several Opinions regarding Further Advancing the Development of Civil Air Defense by the State Council and the Central Military Commission (《國務院、中央軍委關於進一步推進人民防空事業發展的若干意見》). According to such laws and regulations, basements that will be used for air defense in time of war shall be constructed in new buildings of cities for civil defense use. If any construction project cannot have basements due to any geological reason, fees for substitute site construction shall be paid. Investors of air defense construction shall be entitled to any benefits generated from its usage and shall manage such construction in the peacetime. Civil use of air defense construction shall be registered with relevant air defense authority by the users. According to the Civil Air Defense Law of the PRC (《中華人民共和國人民防空法》) which was promulgated on October 29, 1996 and amended on August 27, 2009, the government encourages and supports enterprises, institutions, public organizations and individuals to invest in various ways in construction of civil air defense works. In time of peace, such works shall be used and managed by the investors and the income there from shall be owned by them. The government encourages peacetime use of civil air defense works for economic development and the daily lives of the people. However, such use may not impair their functions as air defense works.

ENVIRONMENTAL PROTECTION

The PRC Environmental Protection Law (《中華人民共和國環境保護法》), which was promulgated on December 26, 1989, revised on April 24, 2014 and became effective on January 1, 2015, sets out the legal framework for environmental protection in the PRC. Pursuant to the Environmental Protection Law, developers shall conduct environmental impact assessment for preparation of the relevant development and utilization plans and construction of environment affected projects. Any development and utilization plan without the environmental impact assessment may not be organized for implementation, and any construction project without the environmental impact assessment may not commence construction work.

Under the Regulations for Administration of Environmental Protection in Construction Projects (建設項目環境保護管理條例), or Environmental Regulations, issued by the State Council on November 29, 1998 and effective as of the same date and amended on July 16, 2017, each construction project is subject to an environmental impact assessment by the relevant authorities.

The Law of the People's Republic of China on Environmental Impact Assessments (中華人民共和國環境影響評價法), adopted by the National People's Congress on October 28, 2002 which was amended on July 2, 2016 and December 29, 2018, provides that if the environmental impact assessment documents of a construction project have not been examined by the relevant environmental protection administrations or are not approved after examination, and the construction work unit may not commence work.

Pursuant to these laws and regulations, depending on the impact analysis table or an environmental impact registration form must be submitted by the developer before the relevant authorities grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

OVERSEAS LISTING

Pursuant to the Provisions on Mergers and Acquisitions of a Domestic Enterprise by Foreign Investors (《關於外國投資者併購境內企業的規定》) (Decree No. 6 [2009] of the MOFCOM) jointly issued by MOFCOM, the State Assets Supervision and Administration Commission, SAT, SAIC, CSRC and SAFE on August 8, 2006, and amended on June 22, 2009 by MOFCOM, a special purpose company shall mean an overseas company directly or indirectly controlled by a domestic company or natural person in China to materialize overseas listing of the interests in a domestic company actually held by the domestic company or natural person. Where a special purpose company to be listed overseas, the listing shall be proved by the securities regulatory authority under the State Council.

FOREIGN EXCHANGE CONTROL

Pursuant to the Regulations of the PRC for the Control of Foreign Exchange (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996 and amended on January 14, 1997 and August 5, 2008, the State shall not restrict regular international payments and transfers. The enterprises may either repatriate their foreign exchange incomes back or deposit the same abroad, and the conditions and terms for repatriating their foreign exchange incomes back or depositing in overseas countries shall be regulated by the administration of foreign exchange under the State Council depending on the balance of international payments and the needs for foreign exchange control. Where the foreign exchange incomes under capital accounts are to be retained or sold to financial institutions which are engaged in settlement and sales of foreign exchange, approvals of foreign exchange control authorities are required, except as otherwise permitted by the state.

Pursuant to the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Overseas Investment and Financing and Inbound Investment via 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), which is called SAFE Circular No. 37, promulgated by the SAFE and became effective on July 4, 2014, a PRC citizen residing in the PRC (a “PRC Resident”) must register with the local branch of SAFE if a PRC Resident directly establish or indirectly control an overseas special purpose vehicle for the purpose of overseas investment and financing with the assets of or equity interests in a domestic enterprise or the overseas assets or equity interests which are owned by a PRC Resident.

The Notice on Regulating Issues Relevant to Administration of Foreign Exchange in Property Market (《關於規範房地產市場外匯管理有關問題的通知》) (Huifa [2006] No. 47) jointly issued by SAFE and the MOHURD on September 1, 2006, and partly amended by the Notice of the State Administration of Foreign Exchange on Repealing and Amending Relevant Regulatory Documents Involving the Reform of the Registration System for Registered Capital (《國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知》) (Huifa [2015] No. 20) issued by SAFE on May 4, 2015, provides: (i) where a foreign-invested property enterprise fails to acquire a land use rights certificate or to make its capital fund for a development project reach 35% of the total investment to the project, the foreign exchange bureau will not handle its foreign debt registration or approve the conversion of foreign debt; (ii) where a foreign organization or individual 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) Chinese 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) funds in a foreign exchange account exclusive to foreign investors opened by a foreign organization or individual in a domestic bank shall not be used for property development or operation. The Notice also provides for a foreign exchange working process related to branches of overseas institutions established within China, overseas individuals, Hong Kong, Macau or Taiwan residents and overseas Chinese purchasing or selling commodity houses within China.

The Measures for Administration of Foreign Debt Registration (《外債登記管理辦法》), which were promulgated by the SAFE on April 28, 2013 and became effective on May 13, 2013, and partly amended by the Notice of the State Administration of Foreign Exchange on Repealing and Amending Relevant Regulatory Documents Involving the Reform of the Registration System for Registered Capital (《國家外匯管理局關於廢止和修改涉及註冊資本登記制度改革相關規範性文件的通知》) (Huifa [2015] No. 20) issued by SAFE on May 4, 2015, stipulate the general provisions on foreign debt registration, administrative provisions on foreign debt account management, use and settlement of foreign debt funds, foreign guarantees for domestic loans, foreign exchange management for outbound transfers of non-performing assets, and the relevant penal provisions.

The Operating Guidelines for Foreign Debt Registration Administration (《外債登記管理操作指引》), which became effective on May 13, 2013, provide specific operational rules in relation to foreign debts administration, and regulate the foreign debt registration of foreign invested real estate enterprises as follows:

- foreign invested real estate enterprises which increase their equity interest capital on and after June 1, 2007 may raise foreign debt financing, which limited to an amount which is the smaller of (i) the difference between the total investment and the registered capital after the capital increase, and (ii) the difference between the total investment and the registered capital before the capital increase, and

- 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 MOFCOM, which were filed with MOFCOM on or after June 1, 2007.

In accordance with the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (Hui Fa [2015] No. 19) (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(匯發[2015]19號)), was promulgated on March 30, 2015 by the State Administration of Foreign Exchange, and became effective on June 1, 2015, the foreign exchange capital in the capital account of foreign-invested enterprises for which the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) has been handled can be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is temporarily determined as 100%. The SAFE can adjust the aforementioned proportion in due time based on the situation of international balance of payments.

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.

According to the Notice on Promoting the Administrative Reform of the Recordation and Registration System for Enterprises’ Issuance of Foreign Debts (關於推進企業發行外債備案登記制管理改革的通知) (“NDRC Circular”), issued by NDRC on September 14, 2015, the issuance of foreign debts (including notes, bonds or other debts) with a term of more than one year shall apply for record-filing and registration to the NDRC in advance.

The main provisions of the NDRC Circular are listed below:

- abolish the quota review and approval system for the issuance of foreign debts by enterprises, reform and innovate the ways that foreign debts are managed, and implement the administration of record-filing and the registration system. Achieve the supervision and administration of the size of foreign debts borrowed on a macro level through the record-filing, registration, and information reporting of the issuance of foreign debts by enterprises;
- before the issuance of foreign debts, enterprises shall first apply to the NDRC for the handling of the record-filing and registration procedures and shall report the information on the issuance to NDRC within ten working days of completion of each issuance;
- record-filing and registration materials to be submitted by an enterprise for the issuance of foreign debts shall include: application report for the issuance of foreign debts and issuance plan, including the currency, size, interest rate, and maturity of foreign debts, the purpose of the funds raised and back flow of funds. The applicant shall be responsible for the authenticity, legality, and completeness of the application materials and information;
- the NDRC shall decide whether to accept the application for record-filing and registration within 5 working days of receiving it and shall issue a Certificate for Record-filing and Registration of the Issuance of Foreign Debts by Enterprises (企業發行外債備案登記證明) within 7 working days of accepting the application and within the limit of the total size of foreign debts;
- the issuer of foreign debts shall handle the procedures related to the outflow and inflow of foreign debt funds with the Certificate for Record-filing and Registration according to the regulations. When the limit of the total size of foreign debts is exceeded, the NDRC shall make a public announcement and no longer accept applications for record-filing and registration; and

- if there is a major difference between the actual situation of the foreign debts issued by the enterprises and the situation indicated in the record-filing and registration, an explanation shall be given when reporting relevant information. The NDRC shall enter the poor credit record of an enterprise which maliciously and falsely reports the size of its foreign debts for record-filing and registration into the national credit information platform.

An overseas enterprise controlled by a PRC company or PRC residents shall undergo the prescribed record-filing and registration procedures to the NDRC before the issuance of such foreign debts. According to the Circular of the General Office of the National Development and Reform Commission on Requirements for Record-filing for Issuance of Foreign Debts by Real Estate Enterprises 《國家發展改革委員會辦公廳關於對房地產企業發行外債申請備案登記有關要求的通知》 promulgated by NDRC on July 9, 2019 and came into effective on the same day, foreign debts issued by real estate enterprises could only be used for repaying medium-and long-term offshore debts that will be due in the upcoming year.

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 US\$300 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 through the network system. Where the PRC resident natural persons make outbound investments through overseas enterprises under their control, the Measures shall apply mutatis mutandis.

EMPLOYEE SHARE OWNERSHIP PLANS OR SHARE OPTION PLANS

The Administrative Measures for Individual Foreign Exchange (個人外匯管理辦法) which was promulgated by the PBOC on December 25, 2006 and became effective on February 1, 2007, and its Implementation Rules, which was promulgated by the SAFE in January 5, 2007 and became effective on February 1, 2007, requires PRC individuals, who are granted shares or share options pursuant to an employee share option or share incentive plan by an overseas listed company, to register with the SAFE or a local SAFE department. On February 15, 2012, the SAFE promulgated the Notice on Relevant Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Listed Companies (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) which replaced the Operational Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Share Ownership Plans and Share Option Plans of Overseas Listed Companies (境內個人參與境外上市公司員工持股計劃和認股期權計劃等外匯管理操作規程) issued by the SAFE on March 28, 2007. Under the notice, PRC residents who participate in share incentive plan in an overseas listed company are required to register with the SAFE or its local branches and complete certain other procedures as required by the authorities. Participants of a share incentive plan who are PRC residents shall retain a qualified PRC agent, which could be a PRC subsidiary of such overseas listed company or another qualified institution selected by such PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the share incentive plan on behalf of its participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of share options, the purchase and sale of corresponding shares or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the share incentive plan if there is any material change to the share incentive plan, change in the PRC agent or the overseas entrusted institution, or any other material changes.

MANAGEMENT

Our board is responsible and has general powers for the management and conduct of our business. The table below shows certain information in respect of the members of our board:

Name	Age	Position
Mr. HUANG Xianzhi	52	Chairman of the Board and Executive Director
Mr. CHAN Wai Kin	40	Executive Director, Vice President and Chief Financial Officer
Mr. LIU Weiliang	37	Executive Director and Vice Chairman of Board
Mr. LI Yang	36	Executive Director and Executive Vice President
Mr. OU Guowei	32	Non-executive Director
Dr. LOKE Yu alias LOKE Hoi Lam	71	Independent Non-executive Director
Mr. WANG Chuanxu	50	Independent Non-executive Director
Mr. LIN Hua	45	Independent Non-executive Director

EXECUTIVE DIRECTORS

Mr. HUANG Xianzhi (黃仙枝), aged 52, was appointed as our Executive Director and the chairman of our Board on September 20, 2017 and as the Chief Executive Officer with effect from November 20, 2019. Mr. Huang is primarily responsible for the overall management of the investment strategies and business development of our Group. He has over 20 years of experience in the PRC real estate industry and he has been appointed as the vice chairman of China Real Estate Association since January 2021. Mr. Huang graduated from Jimei Advanced Specialized Institute of Finance and Economics (集美財經高等專科學校) in Fujian Province, the PRC in July 1989, where he majored in Investment Economics. He also obtained a master's degree in business administration from The Open University of Hong Kong in Hong Kong in November 2012. Mr. Huang obtained the qualification as an accountant in December 1997 as certified by the Ministry of Personnel of the PRC (中華人民共和國人事部).

From October 1998 to October 2014, Mr. Huang served various positions in Zhenro Group Company, including the chief financial officer, the assistant to the chief executive director, the vice president primarily responsible for financial affairs and the executive vice president where he was responsible for overall management, consecutively. He has been a director and president of Zhenro Group Company since November 2014. Mr. Huang has served as an executive director and chairman of the board of Zhenro Properties Holdings since December 2015. Mr. Huang has served as the chairman of the Board and non-executive director of Zhenro Services Group Limited ("Zhenro Services"), a company incorporated in the Cayman Islands and the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 06958) since December 2019.

Mr. Huang was awarded "Outstanding Professional Manager in China for the Year of 2008" (2008年度中國傑出職業經理人) by China Human Resources Management Annual Selection Committee (中國人力資源管理年度評選組委會) in October 2008, and "Chief Accountant in China for the Year of 2011" (2011中國總會計師年度人物) by China Institute of Certified Public Accountants (中國總會計師協會) in December 2011. He was awarded "Figure with Contributions to China Real Estate Brands in 2015" (2015中國房地產品牌貢獻人物) jointly by the Enterprise Research Institute of the Development Research Center of the State Council (國務院發展研究中心企業研究所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院) in September 2015. He also received "Top 100 Figures with Contributions to China Real Estate Industry in 2016" (2016中國房地產百強貢獻人物) award from China Real Estate TOP 10 Research Group (中國房地產TOP10研究組) in March 2016. He was awarded "Contributor of China Top 100 Real Estate Entrepreneurs" (中國房地產百強企業貢獻人物) by China Real Estate TOP10 Research Group (中國房地產TOP10研究組) in March 2018. He was awarded "China Real Estate Influential Figure for the Year 2018" (2018中國年度影響力地產人物) by China Real Estate Fashion Awards (中國地產風尚大獎) in August 2018. He was also awarded "Leaders in the China's Real Estate Industry in 2018" (2018中國房地產領軍人物) by China Real Estate Association (中國房地產協會) in September 2018.

Mr. CHAN Wai Kin (陳偉健), aged 40, was appointed as our Executive Director and Vice President on September 3, 2018 and was appointed as our Chief Financial Officer on November 15, 2018 and our Authorized Representatives with effect from November 20, 2019. Mr. Chan has over 15 years of experience in accounting and financial matters. Mr. Chan served as the executive Director, the vice president, and the authorized representative of Future Land Development Holdings Limited, a company incorporated in the Cayman Islands

and the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 1030) from March 2015 to August 2018. During this period, Mr. Chan was mainly responsible for overseeing the financial management and capital market related matters. Mr. Chan served as the chief financial officer, the company secretary, and the authorized representative of Times Property Holdings Limited, a company incorporated in the Cayman Islands and the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 1233), from February 2014 to March 2015. During this period, Mr. Chan was mainly responsible for financial reporting and investors related matters. Mr. Chan also served as the executive director, the chief financial officer, and the company secretary of Golden Wheel Tiandi Holdings Company Limited (“Golden Wheel”), a company incorporated in the Cayman Islands and the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 1232), from April 2012 to September 2013. During this period, Mr. Chan was mainly responsible for overseeing the financial management and regulatory compliance. Mr. Chan served as the non-executive director of Golden Wheel from September 2013 to February 2014. He worked as an auditor at Deloitte Touche Tohmatsu from December 2005 to August 2010, and an auditor manager at KPMG from August 2010 to October 2011. Mr. Chan obtained a Bachelor degree in Business Science from Indiana University Bloomington of the United States in May 2005. Mr. Chan obtained a MBA at the University of Chicago Booth School of Business in March 2017. He has been a member of the Hong Kong Institute of Certified Public Accountants since July 2009.

Mr. LIU Weiliang (劉偉亮), aged 37, was appointed as our Executive Director on June 8, 2020 and was appointed as the Vice Chairman of the Board on March 26, 2021. Mr. Liu is mainly responsible for the management of the strategic investment centre, the audit and risk control department and the legal affairs department. He has over 13 years of experience in the real estate industry. Mr. Liu joined the Group in June 2016, and has held various key positions successively, including: (i) the deputy general manager of Zhenro (Changsha) Real Estate Co., Ltd (正榮(長沙)置業有限公司) and the project manager for real estate project of Zhenro Properties Holdings Company Limited (正榮地產控股股份有限公司) (“**Zhenro Properties Holdings**”) in Yichun from June 2016 to August 2017; (ii) the general manager of the merger department of the strategic investment centre and subsequently the general manager of the strategic investment centre of Zhenro Properties Holdings from August 2017 to May 2019; (iii) the vice president of Zhenro Properties Holdings from May 2019 to January 2021; (iv) a director of Zhenro Properties Holdings since November 2019; and (v) Mr. Liu has held several positions in Zhenro Group Company Limited (“**Zhenro Group Company**”) since November 2018. He served successively as the deputy general manager of the strategic operation centre, the general manager of the human resources department, the assistant to the chief executive officer and the executive vice president. Before joining our Group, Mr. Liu worked in several real estate companies in the PRC, including (i) the development manager of Evergrande Properties Changsha Real Estate Co., Ltd (恒大地產長沙置業公司) and the deputy general manager of Chenzhou Real Estate Co., Ltd (郴州置業公司) successively from July 2008 to May 2012; (ii) the deputy general manager of Heneng Properties Real Estate Co., Ltd (合能地產長沙置業公司) from May 2012 to June 2016. Mr. Liu obtained a bachelor’s degree in engineering management from Changsha University of Science & Technology in 2007.

Mr. LI Yang, aged 36, has been appointed as an executive director and the executive vice president of the Company with effect from March 26, 2021. Mr. Li is mainly responsible for managing the day-to-day operations of Zhenro Properties Holdings. He has around 10 years of experience in the real estate industry. Mr. Li joined the Group in April 2018, and has held various key positions successively, including: (i) the regional executive deputy general manager and general manager in the Hefei region, and regional general manager in the Zhengzhou region successively from April 2018 to July 2019; (ii) the assistant to the chief executive officer and vice president of Zhenro Properties Holdings successively from July 2019 to January 2021; and (iii) a director and the executive vice president of Zhenro Properties Holdings since January 2021. From July 2019, Mr. Li has been responsible for the management of various functional departments successively, including comprehensive management, design, operation, investment, legal and audit. Before joining the Group, Mr. Li served in various roles in H-Change Group (和昌集團有限公司), including: (i) a general manager of the Hefei Company and an assistant to the president of Eastern China region successively from July 2011 to August 2017; and (ii) the operation vice president of the Southern China region from August 2017 to April 2018. Mr. Li obtained a bachelor’s degree in arts from Anhui Polytechnic University (formerly known as Anhui Institute of Engineering and Technology (安徽工程科技學院)) in July 2008 and further obtained a master’s degree in arts from Anhui University in July 2011.

NON-EXECUTIVE DIRECTOR

Mr. OU Guowei (歐國偉), aged 32, was appointed as our non-executive Director on September 20, 2017. He is the brother of Ou Guoqiang, who is also our non-executive Director, and the son of Ou Zongrong, one of our Controlling Shareholders. Ou Guowei is primarily responsible for providing strategic advice and recommendations on the operations and management of our Group. He has over 10 years of experience in the PRC real estate industry. Ou Guowei graduated from Shanghai Jiao Tong University (上海交通大學) in Shanghai, the PRC in February 2010, with a bachelor's degree in economics majoring in international economics and trade.

Before joining our Company, Ou Guowei served various positions in Nanchang Real Estate, including the chief officer of human resources from October 2009 till November 2011, the general manager from December 2011 till February 2013 and the chairman of the board of directors from March 2013 till February 2014. He also served as the assistant to the chief executive officer of Zhenro Group Company from March 2013 to March 2016 and has been a non-executive director of Zhenro Properties Holdings since December 2015.

Ou Guowei is the executive director of Shanghai Ronggu Venture Capital Co., Ltd. (上海榮顧創業投資有限公司), a subsidiary of Zhenro Group Company. He is also the vice president of Fujian Association of Commerce in Shanghai (上海市福建商會) and a representative of the People's Congress of Minhang District, Shanghai.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. LOKE Yu alias LOKE Hoi Lam (陸海林), aged 71, was appointed as our independent non-executive Director on December 15, 2017. He is primarily responsible for providing independent advice on the operations and management of our Group. Dr. Loke has over 43 years of experience in accounting, auditing and corporate governance. Dr. Loke obtained a master's degree in business administration from the Universiti Teknologi Malaysia in Malaysia in April 2001 and a doctor's degree in business administration from the University of South Australia in Australia in March 2006. Dr. Loke has been a Fellow of The Institute of Chartered Accountants in England and Wales since January 1982, a Fellow of the Hong Kong Institute of Certified Public Accountants and The Hong Kong Institute of Directors since April 2004, and a Fellow of The Hong Kong Institute of Chartered Secretaries since October 2013. He has also been a member of The Hong Kong Independent Non-Executive Director Association.

Mr. WANG Chuanxu (王傳序), aged 50, was appointed as our independent non-executive Director on December 15, 2017. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Wang has over 19 years of experience in the finance industry and providing secretarial and corporate service to listed companies in the PRC. Mr. Wang served as an executive director of Shanghai NextDV Software Company Limited (上海渡微軟件有限公司) from August 2015 to August 2020 and has served as a consultant of Nanjing Sidu Information Technology Co., Ltd. (南京市司渡信息科技有限公司) since August 2020. He obtained his bachelor's degree in engineering majoring in industrial molding design from East China University of Science and Technology (華東理工大學) in the PRC in July 1994 and his master's degree in economics majoring in political economics from East China Normal University (華東師範大學) in the PRC in July 1998. Mr. Wang was granted the qualification of securities investment consulting by China Securities Regulatory Commission in December 1999. He also obtained the certificate of secretary to the board of directors of listed companies issued by Shenzhen Stock Exchange in November 2008.

Mr. LIN Hua (林華), aged 45, was appointed as our independent non-executive Director on June 6, 2019. He is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Lin has over 15 years of experience in asset securitization and REIT in the finance industry in the PRC. Mr. Lin obtained his bachelor's degree from Tianjin College of Commerce (天津商學院) in June 1998, and his master's degree from University of California, Irvine, U.S.A in the United States in June 2007.

Mr. Lin has been the chairman of Paradigm Fintech (Beijing) Co., Ltd. (華成當代(北京)科技有限公司) from July 2019. He served as the chairman of Shanghai Heyi Information Technology Services Co., Ltd. (上海和逸信息科技服務有限公司) from April 2015 to July 2019. Mr. Lin served as the general manager of Xiamen Venture Capital Limited (廈門市創業投資有限公司) from March 2012 to March 2015. Mr. Lin worked as the director of investment at China General Nuclear Power Corporation (中國廣核集團有限公司) from August 2010 to March 2012. He was an analyst at KPMG in the United States from June 2007 to June 2010.

Mr. Lin has served as a PPP expert of National Development and Reform Commission and Ministry of Finance since February 2017 and a consultant of Asset Securitization Professional Committee of (資產證券化專業委員會) the Asset Management Association of China since July 2017. He has served as the chairman of Asset Securitization and REITs Professional Committee (資產證券化與REITs專業委員會) of the IFFRE INTERNATIONAL FEDERATION OF FINANCE & REAL ESTATE since May 2019 and a general vice director of Asset Securitization Professional Committee (資產證券化專業委員會) of Insurance Asset Management Association of China since December 2019 and the Dean of Beijing Dongcheng Zijin Smart Finance Research Institute (北京東城紫金智能金融研究院) since September 2020.

SENIOR MANAGEMENT

The senior management of our Group include the three Executive Directors as disclosed above and the following persons:

Joint Company Secretaries

Mr. CHEN Jian (陳堅), has been appointed as a joint company secretary of our Company with effect from December 24, 2018. Mr. Chen joined the Company in October 2015 and has served successively as deputy general manager of treasury department, general manager of finance department of the finance management center, deputy general manager of the financial management centre, general manager of the financial management centre as well as assistant to the chief executive director of the Company as well as vice president of the Company. Mr. Chen has been the director of Zhenro Properties Holdings since January 2021 and is primarily responsible for the capital markets management and other matters of the Group. Mr. Chen has concurrently served as the assistant to the chief executive officer of Zhenro Group Company. Mr. Chen started his career as an audit assistant with PwC Zhong Tian LLP, Certified Public Accountants (普華永道中天會計師事務所有限公司) from August 2003 to October 2004. He was manager of audit department of KPMG Huazhen LLP (畢馬威華振會計師事務所) from November 2004 to December 2008. Prior to joining the Group, Mr. Chen worked with Fujian Sansheng Real Estate Development Co., Ltd. (福建三盛房地產開發有限公司) from April 2009 to September 2015 where his last position was chief financial officer. Mr. Chen obtained his bachelor degree in finance from Southwestern University of Finance and Economics (西南財經大學) in June 2003.

Ms. KWONG Yin Ping Yvonne (鄺燕萍), is one of the joint company secretaries of our Company and has been appointed with effect from Listing. She is a vice president of SWCS Corporate Services Group (Hong Kong) Limited. She holds a bachelor's degree in accountancy from the Hong Kong Polytechnic University and is a fellow of the Hong Kong Institute of Chartered Secretaries and a fellow of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators). Ms. Kwong has extensive experience in providing company secretarial and compliance services to numerous private and listed companies. She is currently the named company secretary or joint company secretary of several companies listed on the Stock Exchange.

BOARD COMMITTEES

We have established the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of the Board Committees has specific written terms of reference which deal clearly with their authority and duties. The chairmen of the Board Committees will report their findings and recommendations to the Board after each meeting.

Audit Committee

Our Company established an Audit Committee with written terms of reference in compliance with the Corporate Governance Code. The Audit Committee consists of three members, namely LOKE Yu (alias LOKE Hoi Lam) and WANG Chuanxu, our independent non-executive Directors, and OU Guowei, non-executive Director. LOKE Yu (alias LOKE Hoi Lam) has been appointed as the chairman of the Audit Committee, and is our independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the Audit Committee include: (i) making recommendations regarding the appointment and removal of external auditors of our Company; (ii) reviewing the accounting policies and financial positions of our Company; (iii) reviewing and supervising the internal audit functions and internal control structure of our Company; and (iv) reviewing and overseeing the risk management of our Company.

Remuneration Committee

Our Company established a Remuneration Committee with written terms of reference in compliance with the Corporate Governance Code. The Remuneration Committee has three members, namely WANG Chuanxu, HUANG Xianzhi and LIN Hua. WANG Chuanxu, our independent non-executive Director, has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include: (i) reviewing and making recommendations to the Board regarding remuneration policies for Directors and senior management; and (ii) supervising the implementation of remuneration policies.

Nomination Committee

Our Company established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The Nomination Committee consists of two independent non-executive Directors, being WANG Chuanxu and LIN Hua and one executive Director, being HUANG Xianzhi, who is the chairman of our Board and also acts as the chairman of the Nomination Committee. The primary duties of the nomination committee include: (i) reviewing the composition of the Board of Directors and assess the ability and experience of Directors; (ii) making recommendations to our Board on the appointment and removal of Directors; and (iii) assessing the independence of the independent non-executive Directors.

COMPENSATION OF DIRECTORS

The Group's remuneration policies are formulated based on qualifications, years of experiences and the performance of individual employees and are reviewed regularly.

The aggregate remuneration expense/accrued of directors (including fees, salaries, bonuses, allowances and other benefits in kind such as contributions to pension plans) for the years ended December 31, 2018, 2019 and 2020 was approximately RMB17.8 million, RMB28.5 million and RMB25.7 million (US\$3.9 million), respectively.

SHARE OPTION SCHEME

We adopted our share option scheme (the “**Share Option Scheme**”) on December 15, 2017. Set forth below are the details of the Share Option Scheme:

The purpose of the Share Option Scheme is to provide us with a means of incentivizing the Participants (as defined below) and retaining employees of the Group, and to encourage employees to work towards enhancing the value of the Company and promote the long-term growth of the Company.

Subject to the terms of the Share Option Scheme, the board shall be entitled at any time within the period of 10 years after the adoption date, being December 15, 2017 to December 14, 2027, to grant options to any director or employee of the Group who in the sole discretion of the board has contributed or will contribute to the Group (the “Participant”). As of December 31, 2020, the remaining life of the Share Option Scheme is approximately seven years and five months.

No offer shall be made and no option shall be granted to any Participant in circumstances prohibited by the Listing Rules of the Hong Kong Stock Exchange (the “Listing Rules”) at a time when the Participant would or might be prohibited from dealing in the shares by the Listing Rules or by any applicable rules, regulations or law. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of (i) the date of the board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or other interim period; and (ii) the deadline for the Company to publish its interim or annual results announcement under the Listing Rules; and ending on the date of actual publication of such results announcement.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and all other share option schemes existing at such time of the Company shall not in aggregate exceed 400,000,000 shares (representing 10% of the total number of shares in issue as of the date of listing of our shares on the Hong Kong Stock Exchange, the “**Scheme Mandate Limit**”), which represents 9.2% of the total number of shares in issue as of the date of this offering memorandum. The Company may renew the Scheme Mandate Limit at any time subject to prior shareholders’ approval but in any event, the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as refreshed must not exceed 10% of the shares in issue as at the date of approval of the renewal of the Scheme Mandate Limit.

The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to any Participant under the Share Option Scheme and any other share option schemes of the Company (including exercised, canceled and outstanding options) in any 12 month period shall not at the time of grant exceed 1% of the shares in issue, unless otherwise separately approved by shareholders in general meeting with such Participant and his associates abstaining from voting.

Subject to the terms of grant of any option, an option may be exercised by the grantee at any time during the option period and in accordance with the vesting schedule and other terms specified in the offer. No option may be vested more than 10 years after the date of grant. Subject to earlier terminations by the Company in general meetings or by the board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date.

Subject to such terms and conditions as the board may determine, there is no minimum period for which an option must be held before it can be exercised and no performance target needs to be achieved by the grantee before the options can be exercised.

The exercise price shall be a price determined by the board and notified to a Participant but in any event shall be at least the higher of:

- the closing price of the shares as stated in the Hong Kong Stock Exchange’s daily quotation sheets on the date of grant of the option, which must be a business day;
- the average of the closing price of the shares as stated in the Hong Kong Stock Exchange’s daily quotation sheets for the five business days immediately preceding the offer date; and
- the nominal value of a share on the date of grant, Participants are required to pay HK\$1.00 as consideration for the acceptance of an option granted to them.

DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS

As of the date of this offering memorandum, the interests and short positions of each of our directors and the chief executives in the shares and underlying shares and debentures of our Company as recorded in the register required to be kept by our Company pursuant to section 352 of the SFO or as otherwise notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules were as follows:

<u>Name of Director</u>	<u>Capacity/Nature of interest</u>	<u>Number of shares held⁽¹⁾</u>	<u>Approximate percentage in the Company’s Issued share capital</u>
Mr. Ou Guowei.....	Interest of a controlled corporation	217,140,000(L) ⁽²⁾	4.97%
Mr. Huang Xianzhi.....	Beneficial owner	4,569,000	0.11%

Notes:

(1) The letter “L” denotes the person’s long position in such securities.

(2) These 217,140,000 shares are all held by Warm Shine Limited. Mr. Ou Guowei is the sole legal and beneficial owner of Warm Shine Limited. and is deemed to be interested in the shares which are interested by Warm Shine Limited under the SFO.

PRINCIPAL SHAREHOLDERS

As of December 31, 2020, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholders	Nature of Interest/Capacity	Number of Shares or underlying Shares ⁽¹⁾	Approximate percentage of shareholding
Mr. OU Zongrong ⁽²⁾	Interest in a controlled corporation	2,384,957,000 (L)	54.60%
Ms. LIN Shuying ⁽³⁾	Interest of spouse	2,384,957,000 (L)	54.60%
RoYue Limited.....	Beneficial owner	2,278,525,000 (L)	52.17%
China Orient Asset Management Co., Ltd.	Person having a security interest in shares	575,000,000 (L)	13.16%
	Interest in a controlled corporation ⁽⁴⁾	25,000,000 (L)	0.57%

Notes:

- (1) The letter “L” denotes the person’s long position in such Shares. The letter “S” denotes the person’s short position in such Shares.
- (2) These 2,384,957,000 Shares represent 2,278,525,000 Shares held by RoYue Limited, 106,404,657 Shares held by RoJing Limited and 27,343 shares held by Rojing ZR (PTC) Limited. Mr. Ou Zongrong is the sole legal and beneficial owner of RoYue Limited, RoJing Limited and Rojing ZR (PTC) Limited, therefore Mr. Ou Zongrong is deemed to be interested in 2,278,525,000 Shares, 106,404,657 shares and 27,343 Shares held by RoYue Limited, RoJing Limited and Rojing ZR (PTC) Limited, respectively.
- (3) Lin Shuying is the spouse of Mr. Ou Zongrong. Under Part XV of the SFO, Lin Shuying is deemed to be interested in the same number of Shares in which Mr. Ou Zongrong is interested.
- (4) Dongxing Securities (Hong Kong) Financial Holdings Limited is wholly-owned by Dongxing Securities Co., Ltd, which in turn is owned as to 52.74% interest by China Orient Asset Management Co., Ltd. By virtue of the SFO, China Orient Asset Management Co., Ltd. is deemed to be interested in the Shares held by Dongxing Securities (Hong Kong) Financial Holdings Limited.

Save as disclosed above, as of December 31, 2020, our Company had not been notified of any persons (other than a Director or chief executive of our Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material transactions between us and our related parties in the periods indicated.

	For the Years Ended December 31,			
	2018	2019	2020	
	RMB'000	RMB'000	RMB'000	US\$'000 (unaudited)
Advances from joint ventures and associates	4,365,197	6,842,880	4,064,030	622,840
Repayment of advances from joint ventures and associates....	208,745	2,677,350	3,784,382	579,982
Advances to joint ventures and associates	38,384,020	36,427,890	18,095,475	2,773,253
Repayment of advances to joint ventures and associates	31,546,359	39,454,873	16,578,064	2,540,699
Property management services from companies controlled by the ultimate controlling shareholders.....	130,308	167,608	248,214	38,040
Rental income to companies controlled by the ultimate controlling shareholders	–	6,999	6,999	1,073
Management consulting services to joint ventures and associates.....	21,387	54,795	138,674	21,253
Interest income from joint ventures and associates.....	28,397	45,678	54,559	8,362

KEY MANAGEMENT PERSONNEL REMUNERATION

The following table summarizes our key management personnel's remuneration for the periods indicated.

	For the Years Ended December 31,			
	2018	2019	2020	
	RMB'000	RMB'000	RMB'000	US\$'000 (unaudited)
Short term employee benefits	29,557	31,584	34,726	5,322
Pension scheme contributions and social welfare.....	870	653	365	56
Total compensation paid to key management personnel.....	30,427	32,237	35,091	5,378

DESCRIPTION OF MATERIAL INDEBTEDNESS AND OTHER OBLIGATIONS

To fund our existing property projects and to finance our working capital requirements, we have entered into financing agreements with various financial institutions and enterprises. As of December 31, 2020, our total borrowings (including senior notes and corporate bond) amounted to RMB67,284.4 million (US\$10,311.8 million). Set forth below is a summary of the material terms and conditions of these loans and other indebtedness.

PRC LOAN AGREEMENTS

Certain of our PRC subsidiaries have entered into loan agreements with local branches of various PRC banks and financial institutions. These loans are mainly used to finance the construction of our projects and our working capital requirements. They generally have terms ranging from 12 months to 60 months, which generally correspond to the construction periods of the particular projects. As of December 31, 2020, the aggregate outstanding amount under these loans totaled approximately RMB67,284 million (US\$10,312 million), of which RMB19,549 million (US\$2,996 million) was repayable within one year and RMB46,683 million (US\$7,154 million) was repayable between one and five years and RMB1,052 million (US\$161 million) was repayable in more than five years. Our PRC loans are typically secured by land use rights and properties as well as guaranteed by certain of our PRC subsidiaries.

Interest

The principal amounts outstanding under our PRC loans generally bear interest at floating rates calculated with reference to the PBOC benchmark interest rate. Floating interest rates are generally subject to annual or quarterly review by the lending banks. Interest payments are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement. As of December 31, 2020, the weighted average effective interest rate on the aggregate outstanding amount of our PRC loans was 5.7% per annum.

Covenants

Under these PRC loans, many of our subsidiary borrowers have agreed, among other things, not to take some of the following actions without obtaining the relevant lender's prior consent:

- creating encumbrances on any part of their property or assets or dealing with their assets in a way that may adversely affect their ability to repay their loans;
- granting guarantees to any third parties that may adversely affect their ability to repay their loans;
- making any major changes to their corporate structures, such as entering into joint ventures, mergers, acquisitions and reorganizations;
- altering the nature of scope of their business operations in any material respect;
- transferring part or all of their liabilities under the loans to a third party;
- prepaying the loans;
- declaring or paying dividends;
- selling or disposing of assets that may adversely affect their ability to repay their loans; and
- incurring other indebtedness that may adversely affect their ability to repay their loans.

substantially increasing debt financing, wholesale funding, bearing heavy liabilities, or issuing bonds by subsidiaries or their related parties.

Dividend Restriction

Pursuant to these PRC loans, certain of our PRC subsidiaries also agreed not to distribute any dividends:

- if the borrower's after-tax net profit is nil or negative;
- if the after-tax net profit is insufficient to cover losses in previous financial years;
- if the before-tax profit is not used to satisfy the relevant debt due during the same financial year;
- if the before-tax profit is insufficient to cover the principal, interest or other related expenses due in the next period; or
- before the principal amount of and accrued interest on the relevant project loan have been timely or fully paid.

Events of Default

The PRC loan agreements contain certain customary events of default, including failure to pay the amount payable on the due date, unauthorized use of loan proceeds, failure to obtain the lender's approval for an act that requires the latter's approval and material breach of the terms of the loan agreement. The banks are entitled to terminate their respective agreements and/or demand immediate repayment of the loans and any accrued interest upon the occurrence of an event of default.

Guarantee and Security

Certain of our PRC subsidiaries have entered into guarantee agreements with PRC banks and financial institutions in connection with some of the PRC loans, pursuant to which these subsidiaries have guaranteed all liabilities of the subsidiary borrowers under these loans. Further, as of December 31, 2020, RMB32,401.2 million (US\$4,965.7 million) of the PRC loans were secured by land use rights and properties held by the subsidiary borrowers and/or our other PRC subsidiaries.

TRUST FINANCING

From time to time, our PRC subsidiaries enter into financing arrangements with local trust institutions. These local trust institutions provide trust loans for purposes of our project development in return for interest payments. We have also entered into arrangements whereby our PRC subsidiaries' right to receive dividends or the proceeds from property sales or accounts receivables were sold and repurchased after a period of time. Some of our trust loans and financing arrangements are guaranteed by our Company or secured by the relevant PRC subsidiaries' shares (through share pledge or ownership of shares) or land use rights in favor of the trust finance provider, or a combination of these. The trust loans and financing arrangements contain customary events of default, including non-payment of principal or interest and breaches of the terms of the arrangements. If an event of default has occurred, the trust finance provider may, without prior notice, exercise its rights to realize the security held under the share pledge agreement and loan mortgage agreement, and demand payments from us as guarantor.

CORPORATE BONDS

2019 Corporate Bonds

On September 19, 2019, one of our wholly-owned subsidiaries issued the first tranche of the 2019 Corporate Bonds to qualified investors in an amount of RMB1.1 billion with a four-year term at a coupon rate of 7.16% per annum. The 2019 Corporate Bonds will be listed on the Shanghai Stock Exchange. As of the date of this offering memorandum, the entire principal amount of the 2019 Corporate Bonds remains outstanding.

RECEIPTS UNDER A SECURITIZATION ARRANGEMENT

On April 10, 2018, one of our subsidiaries issued receipts under a securitization arrangement with a principal amount of RMB2,300 million at 100% of par value with a term of fixed annual coupon rate of 7.3%. The receipts under a securitization arrangement is listed on the Shanghai Stock Exchange. The receipts under a securitization arrangement are asset-backed securitization collateralized by certain future trade receivables for the remaining receipts from sales of properties. The receipts under a securitization arrangement will mature on April 10, 2021.

FEBRUARY 2019 NOTES

On February 20, 2019, we entered into an indenture (as amended or supplemented from time to time, the “February 2019 Indenture”). Pursuant to the February 2019 Indenture, we issued an aggregate principal amount of US\$230.0 million of the February 2019 Notes on February 20, 2019. The February 2019 Notes are unsecured. As of the date of this offering memorandum, the entire principal amount of the February 2019 Notes remained outstanding.

Guarantee

The obligations pursuant to the February 2019 Notes are guaranteed by our existing subsidiaries (the “February 2019 Subsidiary Guarantors”) other than (i) those organized under the laws of the PRC and (ii) certain other subsidiaries specified in the February 2019 Indenture. Each of the February 2019 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal of, any premium (if any) and interest on, and all other amounts payable under, the February 2019 Notes.

Interest

The February 2019 Notes bear interests at 9.8% per annum, payable in arrears on February 20 and August 20 of each year, commencing August 20, 2019.

Covenants

Subject to certain conditions and exceptions, the February 2019 Indenture and each of the relevant subsidiary guarantees contain certain covenants, restricting us and each of the relevant restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- making investments, dividend payments 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 February 2019 Indenture contains certain customary events of default, including default in the payment of principal of (or any premium on) the February 2019 Notes when such payments become due, default in payment of interest which continues for 30 days and other events of default substantially similar to the Events of Default under the Indenture. If an event of default occurs and is continuing, the trustee under the February 2019 Indenture or the holders of at least 25% of the outstanding February 2019 Notes may declare the principal of the February 2019 Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Maturity and Redemption

The maturity date of the February 2019 Notes is August 20, 2021.

At any time prior to maturity, we may at our option redeem up to 35% of the February 2019 Notes, at a redemption price of 109.8% of the principal amount of the February 2019 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of our capital stock. In addition, we may at our option redeem the February 2019 Notes, in whole but not in part, at any time prior to maturity, at a redemption price equal to 100% of the principal amount of the February 2019 Notes plus certain premium and any accrued and unpaid interest to the redemption date.

APRIL 2019 NOTES

On April 3, 2019, we entered into an indenture (as amended or supplemented from time to time, the “April 2019 Indenture”). Pursuant to the April 2019 Indenture, we issued an aggregate principal amount of US\$420 million of the April 2019 Notes on April 3, 2019. The April 2019 Notes are unsecured. As of the date of this offering memorandum, the entire principal amount of the April 2019 Notes remained outstanding.

Guarantee

The obligations pursuant to the April 2019 Notes are guaranteed by our existing subsidiaries (the “April 2019 Subsidiary Guarantors”) other than (i) those organized under the laws of the PRC and (ii) certain other subsidiaries specified in the April 2019 Indenture. Each of the April 2019 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal of, any premium (if any) and interest on, and all other amounts payable under, the April 2019 Notes.

Interest

The April 2019 Notes bear interest at 8.65% per annum, payable in arrears on January 21 and July 21 of each year, commencing January 21, 2020.

Covenants

Subject to certain conditions and exceptions, the April 2019 Indenture and each of the relevant subsidiary guarantees contain certain covenants, restricting us and each of the relevant restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- making investments, dividend payments or other specified restricted payments;
- issuing or selling capital stock 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 April 2019 Indenture contains certain customary events of default, including default in the payment of principal of (or any premium on) the April 2019 Notes when such payments become due, default in the payment of interest which continues for 30 days and other events of default substantially similar to the Events of Default under the Indenture. If an event of default occurs and is continuing, the trustee under the April 2019 Indenture or the holders of at least 25% of the outstanding April 2019 Notes may declare the principal of the April 2019 Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Maturity and Redemption

The maturity date of the April 2019 Notes is January 21, 2023.

At any time and from time to time on or after April 3, 2021, we may redeem the April 2019 Notes, in whole or in part, at a redemption price equal to 103% of the principal amount of the April 2019 Notes redeemed plus accrued and unpaid interest (if any) to (but not including) the redemption date. At any time and from time to time prior to April 3, 2021, we may at our option redeem the April 2019 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the April 2019 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 April 3, 2021, we may redeem up to 35% of the aggregate principal amount of the April 2019 Notes with the net cash proceeds of one or more sales of our common stock in an equity offering at a redemption price of 108.65% of the principal amount of the April 2019 Notes.

JUNE 2019 SECURITIES

On June 19, 2019, we entered into a trust deed pursuant to which we issued US\$200 million senior perpetual capital securities. The June 2019 Securities confer a right to receive distributions. Distributions are payable semi-annually in arrear on January 25 and July 25 in each year, commencing on January 25, 2020. The rate of distribution shall be (i) in respect of the period from, and including, the issue date to, but excluding the first reset date, 10.25 per cent., and (ii) in respect of the periods (a) from, and including, the First Reset Date to, but excluding, the immediately following Reset Date and (b) from, and including, each Reset Date falling after the First Reset Date, the Relevant Reset Distribution Rate. There is no maturity date. As of the date of this offering memorandum, the entire principal amount of the June 2019 Securities remained outstanding.

OCTOBER 2019 NOTES

On October 3, 2019, we entered into an indenture (as amended or supplemented from time to time, the "October 2019 Indenture"). Pursuant to the October 2019 Indenture, we issued an aggregate principal amount of US\$300.0 million of the October 2019 Notes. The October 2019 Notes are unsecured. As of the date of this offering memorandum, the entire principal amount of the October 2019 Notes remained outstanding.

Guarantee

The obligations pursuant to the October 2019 Notes are guaranteed by our existing subsidiaries (the "October 2019 Subsidiary Guarantors") other than (i) those organized under the laws of the PRC and (ii) certain other subsidiaries specified in the October 2019 Indenture. Each of the October 2019 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal of, any premium (if any) and interest on, and all other amounts payable under, the October 2019 Notes.

Interest

The October 2019 Notes bear interests at 8.7% per annum, payable semi-annually in arrears on February 3 and August 3 of each year, commencing February 3, 2020, except that the first payment of interest, to be made on February 3, 2020, will be respect of the period from and including October 3, 2019 to but excluding February 3, 2020.

Covenants

Subject to certain conditions and exceptions, the October 2019 Indenture and each of the relevant subsidiary guarantees contain certain covenants, restricting us and each of the relevant restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- making investments, dividend payments 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 October 2019 Indenture contains customary events of default, including default in the payment of principal of (or any premium on) the October 2019 Notes when such payments become due, default in payment of interest which continues for 30 days and other events of default substantially similar to the Events of Default under the Indenture. If an event of default occurs and is continuing, the trustee under the October 2019 Indenture or the holders of at least 25% of the outstanding October 2019 Notes may declare the principal of the October 2019 Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Maturity and Redemption

The maturity date of the October 2019 Notes is August 3, 2022.

At any time prior to August 3, 2022, we may at our option redeem up to 35% of the October 2019 Notes, at a redemption price of 108.7% of the principal amount of the October 2019 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of our capital stock. In addition, we may at our option redeem the October 2019 Notes, in whole but not in part, at any time prior to August 3, 2022, at a redemption price equal to 100% of the principal amount of the October 2019 Notes plus any accrued and unpaid interest to (but not including) the redemption date and certain premium.

NOVEMBER 2019 NOTES

On November 6, 2019, we entered into an indenture (as amended or supplemented from time to time, the "November 2019 Indenture"). Pursuant to the November 2019 Indenture, we issued an aggregate principal amount of US\$300.0 million of the November 2019 Notes. The November 2019 Notes are unsecured. As of the date of this offering memorandum, the entire principal amount of the November 2019 Notes remained outstanding.

Guarantee

The obligations pursuant to the November 2019 Notes are guaranteed by our existing subsidiaries (the "November 2019 Subsidiary Guarantors") other than (i) those organized under the laws of the PRC and (ii)

certain other subsidiaries specified in the November 2019 Indenture. Each of the November 2019 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal of, any premium (if any) and interest on, and all other amounts payable under, the November 2019 Notes.

Interest

The November 2019 Notes bear interests at 9.15% per annum, payable semi-annually in arrears on May 6 and November 6 of each year, commencing May 6, 2020.

Covenants

Subject to certain conditions and exceptions, the November 2019 Indenture and each of the relevant subsidiary guarantees contain certain covenants, restricting us and each of the relevant restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- making investments, dividend payments 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 November 2019 Indenture contains customary events of default, including default in the payment of principal of (or any premium on) the November 2019 Notes when such payments become due, default in payment of interest which continues for 30 days and other events of default substantially similar to the Events of Default under the Indenture. If an event of default occurs and is continuing, the trustee under the November 2019 Indenture or the holders of at least 25% of the outstanding November 2019 Notes may declare the principal of the November 2019 Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Maturity and Redemption

The maturity date of the November 2019 Notes is May 6, 2023.

At any time on or after May 6, 2022, we may redeem the November 2019 Notes, in whole or in part, at a redemption price of 103.5%. At any time prior to May 6, 2022, we may at our option redeem up to 35% of the November 2019 Notes, at a redemption price of 109.15% of the principal amount of the November 2019 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of our capital stock. In addition, we may at our option redeem the November 2019 Notes, in whole but not in part, at any time prior to May 6, 2022, at a redemption price equal to 100% of the principal amount of the November 2019 Notes plus any accrued and unpaid interest to (but not including) the redemption date and certain premium.

JANUARY 2020 NOTES

On January 14, 2020, we entered into an indenture (as amended or supplemented from time to time, the “January 2020 Indenture”). Pursuant to the January 2020 Indenture, we issued an aggregate principal amount of US\$290.0 million of the January 2020 Notes. The January 2020 Notes are unsecured. As of the date of this offering memorandum, the entire principal amount of the January 2020 Notes remained outstanding.

Guarantee

The obligations pursuant to the January 2020 Notes are guaranteed by our existing subsidiaries (the “January 2020 Subsidiary Guarantors”) other than (i) those organized under the laws of the PRC and (ii) certain other subsidiaries specified in the January 2020 Indenture. Each of the January 2020 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal of, any premium (if any) and interest on, and all other amounts payable under, the January 2020 Notes.

Interest

The January 2020 Notes bear interests at 7.875% per annum, payable semi-annually in arrears on April 14 and October 14 of each year, commencing October 14, 2020, except that the first payment of interest, to be made on October 14, 2020, will be in respect of the period from and including January 14, 2020 to but excluding October 14, 2020.

Covenants

Subject to certain conditions and exceptions, the January 2020 Indenture and each of the relevant subsidiary guarantees contain certain covenants, restricting us and each of the relevant restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- making investments, dividend payments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- engaging in any business other than permitted business;
- entering into agreements that restrict the related restricted subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The January 2020 Indenture contains customary events of default, including default in the payment of principal of (or any premium on) the January 2020 Notes when such payments become due, default in payment of interest which continues for 30 days and other events of default substantially similar to the Events of Default under the Indenture. If an event of default occurs and is continuing, the trustee under the January 2020 Indenture or the holders of at least 25% of the outstanding January 2020 Notes may declare the principal of the January 2020 Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Maturity and Redemption

The maturity date of the January 2020 Notes is April 14, 2024.

At any time and from time to time on or after January 14, 2023, we may redeem the January 2020 Notes, in whole or in part, at a redemption price equal to the percentage of the principal amount of the January 2020 Notes redeemed set forth below plus accrued and unpaid interest (if any) to (but not including) the redemption date, if redeemed during the fifteen-month period beginning on January 14 of the year set forth below:

Period	Redemption Price
2023.....	103%

At any time and from time to time prior to January 14, 2023, we may at our option redeem up to 35% of the January 2020 Notes, at a redemption price of 107.785% of the principal amount of the January 2020 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of our capital stock. In addition, we may at our option redeem the January 2020 Notes, in whole but not in part, at any time prior to January 14, 2023, at a redemption price equal to 100% of the principal amount of the January 2020 Notes plus any accrued and unpaid interest to (but not including) the redemption date and certain premium.

MAY 2020 NOTES

On May 21, 2020, we entered into an indenture (as amended or supplemented from time to time, the “May 2020 Indenture”). Pursuant to the May 2020 Indenture, we issued an aggregate principal amount of US\$200.0 million of the May 2020 Notes. The May 2020 Notes are unsecured. As of the date of this offering memorandum, the entire principal amount of the May 2020 Notes remained outstanding.

Guarantee

The obligations pursuant to the May 2020 Notes are guaranteed by our existing subsidiaries (the “May 2020 Subsidiary Guarantors”) other than (i) those organized under the laws of the PRC and (ii) certain other subsidiaries specified in the May 2020 Indenture. Each of the May 2020 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal of, any premium (if any) and interest on, and all other amounts payable under, the May 2020 Notes.

Interest

The May 2020 Notes bear interests at 8.35% per annum, payable semi-annually in arrears on March 10 and September 10 of each year, commencing March 10, 2021, except that the first payment of interest, to be made on March 10, 2021, will be in respect of the period from and including May 21, 2020 to but excluding March 10, 2021.

Covenants

Subject to certain conditions and exceptions, the May 2020 Indenture and each of the relevant subsidiary guarantees contain certain covenants, restricting us and each of the relevant restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- making investments, dividend payments 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 May 2020 Indenture contains customary events of default, including default in the payment of principal of (or any premium on) the May 2020 Notes when such payments become due, default in payment of interest which continues for 30 days and other events of default substantially similar to the Events of Default under the Indenture. If an event of default occurs and is continuing, the trustee under the May 2020 Indenture or the holders of at least 25% of the outstanding May 2020 Notes may declare the principal of the May 2020 Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Maturity and Redemption

The maturity date of the May 2020 Notes is March 10, 2024.

At any time and from time to time on or after March 10, 2023, we may redeem the May 2020 Notes, in whole or in part, at a redemption price equal to the percentage of the principal amount of the May 2020 Notes redeemed 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 March 10 of the year (excluding March 10, 2024) set forth below:

Period	Redemption Price
2023.....	102.5%

At any time prior to March 10, 2023, we may at our option redeem up to 35% of the May 2020 Notes, at a redemption price of 108.35% of the principal amount of the May 2020 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of our capital stock. In addition, we may at our option redeem the May 2020 Notes, in whole or in part, at any time prior to March 10, 2023, at a redemption price equal to 100% of the principal amount of the May 2020 Notes plus any accrued and unpaid interest to (but not including) the redemption date. Holders may at their option require the Company to repurchase for cash all or any portion of their May 2020 Notes on March 10, 2023 (the "Put Settlement Date") at the repurchase price equal to 100% of the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any, to (but excluding) the Put Settlement Date.

JUNE 2020 NOTES

On June 15, 2020, we entered into an indenture (as amended or supplemented from time to time, the “June 2020 Indenture”). Pursuant to the June 2020 Indenture, we issued an aggregate principal amount of US\$200.0 million of the June 2020 Notes. The June 2020 Notes are unsecured. As of the date of this offering memorandum, the entire principal amount of the June 2020 Notes remained outstanding.

Guarantee

The obligations pursuant to the June 2020 Notes are guaranteed by our existing subsidiaries (the “June 2020 Subsidiary Guarantors”) other than (i) those organized under the laws of the PRC and (ii) certain other subsidiaries specified in the June 2020 Indenture. Each of the June 2020 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal of, any premium (if any) and interest on, and all other amounts payable under, the June 2020 Notes.

Interest

The June 2020 Notes bear interests at 8.3% per annum, payable semi-annually in arrears on March 15 and September 15 of each year, commencing March 15, 2021 except that the first payment of interest, to be made on March 15, 2021, will be in respect of the period from and including June 15, 2020, to but excluding March 15, 2021.

Covenants

Subject to certain conditions and exceptions, the June 2020 Indenture and each of the relevant subsidiary guarantees contain certain covenants, restricting us and each of the relevant restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- making investments, dividend payments 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 June 2020 Indenture contains customary events of default, including default in the payment of principal of (or any premium on) the June 2020 Notes when such payments become due, default in payment of interest which continues for 30 days and other events of default substantially similar to the Events of Default under the Indenture. If an event of default occurs and is continuing, the trustee under the June 2020 Indenture or the holders of at least 25% of the outstanding June 2020 Notes may declare the principal of the June 2020 Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Maturity and Redemption

The maturity date of the June 2020 Notes is September 15, 2023.

At any time and from time to time on or after September 15, 2022, we may redeem the June 2020 Notes, in whole or in part, at a redemption price equal to the percentage of the principal amount of the June 2020 Notes redeemed 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 September 15 of the year (excluding September 15, 2023) set forth below:

Period	Redemption Price
2022.....	103.0%

At any time prior to September 15, 2022, we may at our option redeem up to 35% of the June 2020 Notes, at a redemption price of 108.3% of the principal amount of the June 2020 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of our capital stock. In addition, we may at our option redeem the June 2020 Notes, in whole or in part, at any time prior to September 15, 2022, at a redemption price equal to 100% of the principal amount of the June 2020 Notes plus any accrued and unpaid interest to (but not including) the redemption date.

AUGUST 2020 RMB NOTES

On August 14, 2020, we entered into an indenture (as amended or supplemented from time to time, the “August 2020 RMB Indenture”). Pursuant to the August 2020 RMB Indenture, we issued an aggregate principal amount of RMB1,000.0 million of the August 2020 RMB Notes. The August 2020 RMB Notes are unsecured. As of the date of this offering memorandum, the entire principal amount of the August 2020 RMB Notes remained outstanding.

Guarantee

The obligations pursuant to the August 2020 RMB Notes are guaranteed by our existing subsidiaries (the “August 2020 RMB Subsidiary Guarantors”) other than (i) those organized under the laws of the PRC and (ii) certain other subsidiaries specified in the August 2020 RMB Indenture. Each of the August 2020 RMB Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal of, any premium (if any) and interest on, and all other amounts payable under, the August 2020 RMB Notes.

Interest

The August 2020 RMB Notes bear interests at 7.4% per annum, payable in arrears on February 12, 2021 and August 12, 2021, commencing February 12, 2021.

Covenants

Subject to certain conditions and exceptions, the August 2020 RMB Indenture and each of the relevant subsidiary guarantees contain certain covenants, restricting us and each of the relevant restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- making investments, dividend payments 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 August 2020 RMB Indenture contains customary events of default, including default in the payment of principal of (or any premium on) the August 2020 RMB Notes when such payments become due, default in payment of interest which continues for 30 days and other events of default substantially similar to the Events of Default under the Indenture. If an event of default occurs and is continuing, the trustee under the August 2020 RMB Indenture or the holders of at least 25% of the outstanding August 2020 RMB Notes may declare the principal of the August 2020 RMB Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Maturity and Redemption

The maturity date of the August 2020 RMB Notes is August 12, 2021.

At any time and from time to time prior to August 12, 2021, the Company may at its option redeem the August 2020 RMB Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the August 2020 RMB Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

NOVEMBER 2020 NOTES

On November 20, 2020, we entered into an indenture (as amended or supplemented from time to time, the "November 2020 Indenture"). Pursuant to the November 2020 Indenture, we issued an aggregate principal amount of US\$200.0 million of the November 2020 Notes. The November 2020 Notes are unsecured. As of the date of this offering memorandum, the entire principal amount of the November 2020 Notes remained outstanding.

Guarantee

The obligations pursuant to the November 2020 Notes are guaranteed by our existing subsidiaries (the "November 2020 Subsidiary Guarantors") other than (i) those organized under the laws of the PRC and (ii) certain other subsidiaries specified in the November 2020 Indenture. Each of the November 2020 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal of, any premium (if any) and interest on, and all other amounts payable under, the November 2020 Notes.

Interest

The November 2020 Notes bear interests at 5.95% per annum, payable in arrears on May 20, 2021 and November 18, 2021.

Covenants

Subject to certain conditions and exceptions, the November 2020 Indenture and each of the relevant subsidiary guarantees contain certain covenants, restricting us and each of the relevant restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- making investments, dividend payments 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 November 2020 Indenture contains customary events of default, including default in the payment of principal of (or any premium on) the November 2020 Notes when such payments become due, default in payment of interest which continues for 30 days and other events of default substantially similar to the Events of Default under the Indenture. If an event of default occurs and is continuing, the trustee under the November 2020 Indenture or the holders of at least 25% of the outstanding November 2020 Notes may declare the principal of the November 2020 Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Maturity and Redemption

The maturity date of the November 2020 Notes is November 18, 2021.

At any time and from time to time following the occurrence of the NDRC Registration, we may at our option redeem the November 2020 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time prior to November 18, 2021, we may at our option redeem up to 35% of the November 2020 Notes, at a redemption price of 105.95% of the principal amount of the November 2020 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of our capital stock. In addition, we may at our option redeem the November 2020 Notes, in whole but not in part, at any time prior to November 18, 2021, at a redemption price equal to 100% of the principal amount of the November 2020 Notes plus any accrued and unpaid interest to (but not including) the redemption date.

JANUARY 2021 NOTES

On January 7, 2021, we entered into an indenture (as amended or supplemented from time to time, the “January 2021 Indenture”). Pursuant to the January 2021 Indenture, we issued an aggregate principal amount of US\$400 million of the January 2021 Notes. The January 2021 Notes are unsecured. As of the date of this offering memorandum, the entire principal amount of the January 2021 Notes remained outstanding.

Guarantee

The obligations pursuant to the January 2021 Notes are guaranteed by our existing subsidiaries (the “January 2021 Subsidiary Guarantors”) other than (i) those organized under the laws of the PRC and (ii) certain other subsidiaries specified in the January 2021 Indenture. Each of the January 2021 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal of, any premium (if any) and interest on, and all other amounts payable under, the January 2021 Notes.

Interest

The January 2021 Notes bear interests at 6.63% per annum, payable semi-annually in arrears on January 7 and July 7 of each year, commencing July 7, 2021.

Covenants

Subject to certain conditions and exceptions, the January 2021 Indenture and each of the relevant subsidiary guarantees contain certain covenants, restricting us and each of the relevant restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- making investments, dividend payments 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 January 2021 Indenture contains customary events of default, including default in the payment of principal of (or any premium on) the January 2021 Notes when such payments become due, default in payment of interest which continues for 30 days and other events of default substantially similar to the Events of Default under the Indenture. If an event of default occurs and is continuing, the trustee under the January 2021 Indenture or the holders of at least 25% of the outstanding January 2021 Notes may declare the principal of the January 2021 Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Maturity and Redemption

The maturity date of the January 2021 Notes is January 7, 2026.

At any time and from time to time on or after January 7, 2024, we may redeem the January 2021 Notes, in whole or in part, at a redemption price equal to the percentage of the principal amount of the January 2021 Notes redeemed 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 7 of the year (excluding January 7, 2026) set forth below:

Period	Redemption Price
2024.....	102%
2025.....	101%

At any time prior to January 7, 2024, we may at our option redeem up to 35% of the January 2021 Notes, at a redemption price of 106.63% of the principal amount of the January 2021 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of our capital stock. In addition, we may at our option redeem the January 2021 Notes, in whole but not in part, at any time prior to January 7, 2024, at a redemption price equal to 100% of the principal amount of the January 2021 Notes plus any accrued and unpaid interest to (but not including) the redemption date.

FEBRUARY 2021 NOTES

On February 4, 2021, we entered into an indenture (as amended or supplemented from time to time, the “February 2021 Indenture”). Pursuant to the February 2021 Indenture, we issued an aggregate principal amount of US\$300 million of the February 2021 Notes. The February 2021 Notes are unsecured. As of the date of this offering memorandum, the entire principal amount of the February 2021 Notes remained outstanding.

Guarantee

The obligations pursuant to the February 2021 Notes are guaranteed by our existing subsidiaries (the “February 2021 Subsidiary Guarantors”) other than (i) those organized under the laws of the PRC and (ii) certain other subsidiaries specified in the February 2021 Indenture. Each of the February 2021 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal of, any premium (if any) and interest on, and all other amounts payable under, the February 2021 Notes.

Interest

The February 2021 Notes bear interests at 6.7% per annum, payable semi-annually in arrears on February 4 and August 4 of each year, commencing August 4, 2021.

Covenants

Subject to certain conditions and exceptions, the February 2021 Indenture and each of the relevant subsidiary guarantees contain certain covenants, restricting us and each of the relevant restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- making investments, dividend payments 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 February 2021 Indenture contains customary events of default, including default in the payment of principal of (or any premium on) the February 2021 Notes when such payments become due, default in payment of interest which continues for 30 days and other events of default substantially similar to the Events of Default under the Indenture. If an event of default occurs and is continuing, the trustee under the February 2021 Indenture or the holders of at least 25% of the outstanding February 2021 Notes may declare the principal of the February 2021 Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Maturity and Redemption

The maturity date of the February 2021 Notes is August 4, 2026.

At any time and from time to time on or after August 4, 2024, we may redeem the February 2021 Notes, in whole or in part, at a redemption price equal to the percentage of the principal amount of the February 2021 Notes redeemed 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 4 of the year (excluding August 4, 2026) set forth below:

Period	Redemption Price
2024.....	102%
2025.....	101%

At any time prior to August 4, 2024, we may at our option redeem up to 35% of the February 2021 Notes, at a redemption price of 106.7% of the principal amount of the February 2021 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of our capital stock. In addition, we may at our option redeem the February 2021 Notes, in whole but not in part, at any time prior to August 4, 2024, at a redemption price equal to 100% of the principal amount of the February 2021 Notes plus any accrued and unpaid interest to (but not including) the redemption date.

APRIL 2021 NOTES

On April 15, 2021, we entered into an indenture (as amended or supplemented from time to time, the “April 2021 Indenture”). Pursuant to the April 2021 Indenture, we issued an aggregate principal amount of US\$220 million of the April 2021 Notes. The April 2021 Notes are unsecured. As of the date of this offering memorandum, the entire principal amount of the April 2021 Notes remained outstanding.

Guarantee

The obligations pursuant to the April 2021 Notes are guaranteed by our existing subsidiaries (the “April 2021 Subsidiary Guarantors”) other than (i) those organized under the laws of the PRC and (ii) certain other subsidiaries specified in the April 2021 Indenture. Each of the April 2021 Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal of, any premium (if any) and interest on, and all other amounts payable under, the April 2021 Notes.

Interest

The April 2021 Notes bear interests at 5.98% per annum, payable in arrears on October 15, 2021 and April 13, 2022.

Covenants

Subject to certain conditions and exceptions, the April 2021 Indenture and each of the relevant subsidiary guarantees contain certain covenants, restricting us and each of the relevant restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- making investments, dividend payments 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 April 2021 Indenture contains customary events of default, including default in the payment of principal of (or any premium on) the April 2021 Notes when such payments become due, default in payment of interest which continues for 30 days and other events of default substantially similar to the Events of Default under the Indenture. If an event of default occurs and is continuing, the trustee under the April 2021 Indenture or the holders of at least 25% of the outstanding April 2021 Notes may declare the principal of the April 2021 Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Maturity and Redemption

The maturity date of the April 2021 Notes is April 13, 2022.

At any time prior to April 13, 2022, we may at our option redeem up to 35% of the April 2021 Notes, at a redemption price of 105.98% of the principal amount of the April 2021 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of our capital stock. In addition, we may at our option redeem the April 2021 Notes, in whole but not in part, at any time prior to April 13, 2022, at a redemption price equal to 100% of the principal amount of the April 2021 Notes plus any accrued and unpaid interest to (but not including) the redemption date.

DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes,” the term “Company” refers only to Zhenro Properties Group Limited (正榮地產集團有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability, and any successor obligor on the Notes, and not to any of its Subsidiaries. Each Subsidiary of the Company which Guarantees the Notes (other than a JV Subsidiary Guarantor) is referred to as a “Subsidiary Guarantor,” and each such Guarantee is referred to as a “Subsidiary Guarantee.” Each Subsidiary of the Company that in the future provides a JV Subsidiary Guarantee (as defined below) is referred to as a “JV Subsidiary Guarantor.”

The Notes are to be issued under an indenture (the “Indenture”), to be dated as of June 10, 2021, among the Company, the Subsidiary Guarantors and Citicorp International Limited, as trustee (the “Trustee”).

The following is a summary of certain material provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. This summary does not purport to be complete and is qualified in its entirety by reference to, all of the provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection on or after the Original Issue Date at the corporate trust office of the Trustee at 20th Floor, Citi Tower, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

BRIEF DESCRIPTION OF THE NOTES

The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with the Existing Notes and all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any, on a senior basis, subject to the limitations described below under the caption “– The Subsidiary Guarantees and the JV Subsidiary Guarantees” and in “Risk Factors – Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees” of this offering memorandum;
- effectively subordinated to the secured obligations (if any) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries (as defined below).

The Notes will mature on September 10, 2024, unless earlier redeemed pursuant to the terms thereof and the Indenture.

The Notes will bear interest at 7.1% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on March 10 and September 10 of each year (each an “Interest Payment Date”), commencing September 10, 2021 except that the first payment of interest, to be made on September 10, 2021, will be in respect of the period from and including June 10, 2021, to but excluding September 10, 2021. Interest on the Notes will be paid to the Holders of record at the close of business on February 23 or August 26 immediately preceding an Interest Payment Date (each, a “Record Date”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months. So long as the Notes are held in global form, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except December 25 and January 1.

Except as described under “– Optional Redemption” and “– Redemption for Taxation Reasons” below and otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Company).

In any case in which the date of the payment of principal of, premium (if any) on or interest on the Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying and Transfer Agent, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due and no interest on the Notes shall accrue for the period after such date.

The Indenture allows additional Notes to be issued from time to time (the “Additional Notes”), subject to certain limitations described under “– Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the Notes” include any Additional Notes that are actually issued.

The Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of the 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 by wire transfer in U.S. dollars by the Company at the office or agency of the Company maintained for that purpose (which initially will be the specified office of the Paying and Transfer Agent currently located at Citibank, N.A., London Branch, c/o Citibank, N.A., Dublin Branch, One North Wall Quay, Dublin 1, Ireland), and the Notes may be presented for registration of transfer or exchange at such office as agency; *provided* that, if the Notes are in certificated form and the Company acts as its own paying agent, at the option of the Company, payment of interest may be made by check mailed (at the expense of the Company) to the address of the Holders as such address appears in the Note register maintained by the Registrar or by wire transfer. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

THE SUBSIDIARY GUARANTEES AND THE JV SUBSIDIARY GUARANTEES

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of Blooming Force Limited, Zhenro International Limited, Sheen Billion Investment Limited (明兆投資有限公司) and Zhenro Hong Kong Limited. The Restricted Subsidiaries organized under the laws of the PRC are referred to as the “PRC Non-Guarantor Subsidiaries.” The Restricted Subsidiaries organized outside the PRC except the initial Subsidiary Guarantors are referred to as “Initial Other Non-Guarantor Subsidiaries,” unless any of such subsidiaries has after the Original Issue Date executed a Subsidiary Guarantee or a JV Subsidiary Guarantee in accordance with the terms of the Notes or the Indenture.

The initial Subsidiary Guarantors are holding companies that do not have significant operations. None of the existing or future Restricted Subsidiaries organized under the laws of the PRC or any Exempted Subsidiary will provide a Subsidiary Guarantee or JV Subsidiary Guarantee on the Original Issue Date or at any time in the future.

In the case of a Restricted Subsidiary that is, or is proposed by the Company or any Restricted Subsidiary to be, established after the Original Issue Date, or any entity in respect of which the Company or any Restricted Subsidiary (x) in the case of a Restricted Subsidiary is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Restricted Subsidiary, or (y) in the case of any other entity is proposing to purchase the Capital Stock of an Independent Third Party such that it becomes a non-Wholly Owned Subsidiary of the Company and designate such Subsidiary as a Restricted Subsidiary, the Company may (in each case, to the extent such Restricted Subsidiary is not an Exempted Subsidiary, a Listed Subsidiary or incorporated in the PRC), concurrently with or as soon as practicable after the consummation of such establishment, sale, issuance, or purchase, cause (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries of such Restricted Subsidiary that are organized in any jurisdiction other than the PRC (other than Exempted Subsidiaries or Listed Subsidiaries) to provide a JV Subsidiary Guarantee (as defined below) instead of a Subsidiary Guarantee, if the following conditions, in the case of both (a) and (b), are satisfied:

- as of the date of execution of the JV Subsidiary Guarantee (as defined below), no document exists that is binding on the Company or the relevant Restricted Subsidiary that would have the effect of (a) prohibiting the Company or such Restricted Subsidiary from causing such JV Subsidiary Guarantee to be provided or (b) requiring the Company or such Restricted Subsidiary to deliver or keep in place a guarantee on terms that are more favorable to the recipients of such guarantee than the JV Subsidiary Guarantee;
- such sale or issuance of Capital Stock is made to, or such purchase of Capital Stock is made from, an Independent Third Party at a consideration that is not less than (in the case of a sale or issuance) or no more than (in the case of a purchase) the Fair Market Value of such Capital Stock;
- concurrently with providing the JV Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed Guarantee of such JV Subsidiary Guarantor (the “JV Subsidiary Guarantee”) and each Restricted Subsidiary (if any) of such JV Subsidiary Guarantor that is not a Non-Guarantor Subsidiary, and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Holders and the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;
 - (ii) an Officer’s Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
 - (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantees are valid, binding and enforceable against the JV Subsidiary Guarantors providing such JV Subsidiary Guarantees (subject to customary qualifications and assumptions).

The Subsidiary Guarantee of each Subsidiary Guarantor:

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

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

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

The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC, Exempted Subsidiaries or Listed Subsidiaries), as soon as practicable (and in any event within 30 days) after such Person becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will Guarantee the payment of the Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor. Notwithstanding the foregoing sentence, the Company may elect to have any future Restricted Subsidiary organized outside the PRC (that is not an Exempted Subsidiary or a Listed Subsidiary) not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee (such Restricted Subsidiaries that do not provide a Subsidiary Guarantee or a JV Subsidiary Guarantee in accordance with the Indenture, the “New Non-Guarantor Subsidiaries,” and together with the Initial Other Non-Guarantor Subsidiaries, the “Other Non-Guarantor Subsidiaries”) at the time such entity becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or a Listed Subsidiary; *provided that*, after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC (other than Exempted Subsidiaries and Listed Subsidiaries) that are not Subsidiary Guarantors or JV Subsidiary Guarantors do not account for more than 15.0% of Total Assets.

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.” The Other Non-Guarantor Subsidiaries, together with the PRC Non-Guarantor Subsidiaries, Exempted Subsidiaries and Listed Subsidiaries, are referred to herein as the “Non-Guarantor Subsidiaries.”

Although the Indenture contains limitations on the amount of additional Indebtedness that Non-Guarantor Subsidiaries (including Restricted Subsidiaries organized under the laws of the PRC) may incur, the amount of such additional Indebtedness could be substantial. In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, the Non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company.

As of December 31, 2020, the Company and its consolidated subsidiaries had total debt of approximately RMB67,284.4 million (US\$10,311.8 million), of which approximately RMB36,154.1 million (US\$5,540.9 million) was secured debt of the Company or a Subsidiary.

As of December 31, 2020, the Non-Guarantor Subsidiaries had total debts of approximately RMB44,184.4 million (US\$6,771.6 million) and the Non-Guarantor Subsidiaries had capital commitments of approximately RMB28,716.1 million (US\$4,400.9 million) and contingent liabilities of approximately RMB34,765.8 million (US\$5,328.1 million).

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will jointly and severally Guarantee the due and punctual payment of the principal of, premium, if any, 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 repaid or restored, the rights of the Holders under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable,

- each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be Guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally; and
- each JV Subsidiary Guarantee will be limited to an amount which is the lower of (i) the JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can be Guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

If a Subsidiary Guarantee or JV Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, and, depending on the amount of such Indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee or a JV Subsidiary Guarantor's liability on its JV Subsidiary Guarantee, as the case may be, could in each case be reduced to zero.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. Similarly, the obligations of each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See "Risk Factors – Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees – The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees" of this offering memorandum.

Release of the Subsidiary Guarantees or JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under "– Defeasance – Defeasance and Discharge";
- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture;

- upon the sale, merger or disposition of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, in compliance with the terms of the Indenture (including the covenants described under the captions “– Certain Covenants – Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “– Certain Covenants – Limitation on Asset Sales” and “– Consolidation, Merger and Sale of Assets”) resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company’s other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale, merger or disposition are used for the purposes permitted or required by the Indenture;
- in the case of a Subsidiary Guarantee, upon the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee; or
- in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor that becomes a New Non-Guarantor Subsidiary, in compliance with the terms of the Indenture.

In the case of a Subsidiary Guarantor with respect to which the Company or any Restricted Subsidiary is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20% of the Capital Stock of such Subsidiary Guarantor, the Company may concurrently with the consummation of such sale or issuance of Capital Stock, instruct the Trustee to release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, and upon such release such Subsidiary Guarantor and its Restricted Subsidiaries organized outside the PRC will become New Non-Guarantor Subsidiaries (such that each New Non-Guarantor Subsidiary will no longer Guarantee the Notes); *provided* that, after the release of such Subsidiary Guarantees, the Consolidated Assets of all Restricted Subsidiaries organized outside the PRC that are not Subsidiary Guarantors or JV Subsidiary Guarantors (including such New Non-Guarantor Subsidiaries and excluding Exempted Subsidiaries and Listed Subsidiaries) do not account for more than 15.0% of Total Assets. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if, as of the date of such proposed release, no document exists that is binding on the Company or any of the Restricted Subsidiary that would have the effect of (a) prohibiting the Company or such relevant Restricted Subsidiary from permitting the release of such Subsidiary Guarantee or (b) requiring the Company or such Subsidiary Guarantor to deliver or keep in place a guarantee of other Indebtedness of the Company by such Subsidiary Guarantor.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officer’s Certificate stating that all requirements relating to such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released and replaced by a JV Subsidiary Guarantee following the sale or issuance by the Company or any Restricted Subsidiary of Capital Stock in (a) such Subsidiary Guarantor or (b) any other Subsidiary Guarantor that, directly or indirectly, owns a majority of the Capital Stock of such Subsidiary Guarantor, in each case where such sale or issuance, whether through the sale of existing shares or the issuance of new shares, is for no less than 20% of the issued Capital Stock of the relevant Subsidiary Guarantor, *provided* that the following conditions are satisfied or complied with:

- as of the date of such proposed release, no document exists that is binding on the Company or such Restricted Subsidiary that would have the effect of (a) prohibiting the Company or such Restricted Subsidiary from releasing such Subsidiary Guarantee, (b) prohibiting the Company or such Restricted Subsidiary from providing a JV Subsidiary Guarantee as described below, or (c) requiring the Company or such relevant Restricted Subsidiary to cause to deliver or keep in force a replacement guarantee on terms that are more favorable to the recipients of such guarantee than the recipient of the JV Subsidiary Guarantee;

- such sale or issuance is made to an Independent Third Party at a consideration that is not less than the Fair Market Value of such Capital Stock;
- concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary (if any) of such JV Subsidiary Guarantor that is not a Non-Guarantor Subsidiary and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee and the Holders under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the JV Entitlement Amount;
 - (ii) an Officer's Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
 - (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor (including where such sale results in the relevant Subsidiary Guarantor ceasing to be a Restricted Subsidiary) will need to comply with the other covenants set forth in the Indenture, including, without limitation, the covenants described under the captions “– Certain Covenants – Limitation on Asset Sales” and “– Certain Covenants – Limitation on Restricted Payments.”

Any Net Cash Proceeds from the sale or issuance of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the covenant described under the caption “– Certain Covenants – Limitation on Asset Sales.”

As of the date of the Indenture, all of the Company's Subsidiaries will be “Restricted Subsidiaries.” Under the circumstances described below under the caption “– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries,” the Company will be permitted to designate Subsidiaries as “Unrestricted Subsidiaries.” The Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Company's Unrestricted Subsidiaries will not Guarantee the Notes.

FURTHER ISSUES

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and the JV Subsidiary Guarantees, if any) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a “Further Issue”) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted under the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” below.

OPTIONAL REDEMPTION

At any time from time to time on or after September 10, 2023, the Company may redeem the Notes, in whole or in part, at a redemption price equal to 101.5% of the principal amount of the Notes plus the accrued and unpaid interest (if any) to (but not including) the redemption date.

At any time and from time to time prior to September 10, 2023, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor the Paying and Transfer Agent is responsible for calculating or verifying the Applicable Premium.

At any time and from time to time prior to September 10, 2023, 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 107.1% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

Selection and Notice

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption to the Holders and the Trustee. If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected as follows:

- (1) if the Notes are listed on any national securities exchange and/or being held through any clearing system, in compliance with the requirements of the principal national securities exchange on which the Notes are listed and/or in compliance with the requirements of the clearing systems through which the Notes are held, as applicable; or
- (2) if the Notes are not listed on any national securities exchange and/or held through any clearing system on a pro rata basis, by lot or by such method as the Trustee in its sole and absolute discretion deems fair and appropriate, unless otherwise required by law.

A Note of US\$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any certificated Note, a new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on the Notes or portions of them called for redemption.

REPURCHASE OF NOTES UPON A CHANGE OF CONTROL 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 (see the definition of "Offer to Purchase").

The Company has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes may also constitute an event of default under certain other debt instruments of the Company and its Subsidiaries. Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Company. The Company's ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Company's and the Subsidiary Guarantors' then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors – Risks Relating to the Notes – We may not be able to repurchase the Notes upon a Change of Control Triggering Event" of this offering memorandum.

The phrase "all or substantially all," as used with respect to the assets of the Company in the definition of "Change of Control," will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of "all or substantially all" the assets of the Company has occurred.

Notwithstanding the above, the Company will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the same manner, at the same time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to a Change of Control Triggering Event has occurred and shall not be liable and responsible to any person for any failure to do so.

NO MANDATORY REDEMPTION OR SINKING FUND

There will be no mandatory redemption or sinking fund payments for the Notes.

ADDITIONAL AMOUNTS

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

(1) for or on account of:

- (a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Taxing Jurisdiction, other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee or JV Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a

national, domiciliary or resident of such Taxing Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

- (ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;
 - (iii) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person, any Subsidiary Guarantor or any JV Subsidiary Guarantor, addressed to the Holder, to provide information concerning such Holder's or its beneficial owner's nationality, residence, identity or connection with any Taxing Jurisdiction, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or
 - (iv) the presentation of such Note (in cases in which presentation is required) for payment in the Taxing Jurisdiction, unless such Note could not have been presented for payment elsewhere;
- (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
- (c) any tax, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments of principal, premium (if any) and interest on the Notes or from payments under the Subsidiary Guarantees or JV Subsidiary Guarantees (if any);
- (d) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("FATCA"), any current or future Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, any law, regulation or other official guidance enacted in any jurisdiction implementing such an intergovernmental agreement or FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA; or
- (e) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b), (c) and (d); or
- (2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Taxing Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee or JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

REDEMPTION FOR TAXATION REASONS

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and the Trustee, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or
- (2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective (or in the case of an official position, is announced) (i) with respect to the Company or any initial Subsidiary Guarantor, on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company, a Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, a Surviving Person, a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be; *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the giving of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

- (1) an Officer's Certificate stating that such change, amendment or statement of an official position referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, such Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and
- (2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change, amendment or statement of an official position referred to in the prior paragraph.

The Trustee shall and is entitled to conclusively rely on and to accept such Officer's Certificate and Opinion of Counsel 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 canceled.

CERTAIN COVENANTS

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

- (1) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Company will not permit any Restricted Subsidiary to issue Preferred Stock, *provided* that the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 2.0 to 1.0. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Company, a Subsidiary Guarantor or a JV Subsidiary Guarantor, so long as it is so held).
- (2) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following (“Permitted Indebtedness”):
 - (a) Indebtedness under the Notes (excluding any Additional Notes) and each Subsidiary Guarantee and JV Subsidiary Guarantee;
 - (b) any *Pari Passu* Guarantees;
 - (c) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (d) (together with refinancings thereof); *provided* that such Indebtedness of Non-Guarantor Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness (other than any such Indebtedness described in clauses (a) and (b) above and clauses (d), (f), (g), (m) and (o) below);
 - (d) Indebtedness of the Company or Indebtedness or Preferred Stock of any Restricted Subsidiary owed to or held by the Company or any Restricted Subsidiary; *provided* that (i) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (d) and (ii) if the Company is the obligor on such Indebtedness and none of the Subsidiary Guarantors and the JV Subsidiary Guarantors is the obligee on such Indebtedness, such Indebtedness must be expressly be subordinated in right of payment to the Notes, and if a Subsidiary Guarantor or a JV Subsidiary Guarantor is the obligor on such Indebtedness and none of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors is the obligee on such Indebtedness, such Indebtedness must be expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be; *provided further* that any Preferred Stock issued by a Subsidiary Guarantor and held by the Company or another Restricted Subsidiary must by the terms thereof or by operation of law be subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor;
 - (e) Indebtedness (“Permitted Refinancing Indebtedness”) of the Company or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the immediately preceding paragraph (1) or clause (a), (b), (c), (h), (n), (p), (q), (r), (s), (t), (u) or (v) of this paragraph (2) and any refinancings thereof in an amount not to exceed the amount so refinanced (plus premiums, accrued interest, fees and expenses); *provided* that (i)

Indebtedness the proceeds of which are used to refinance the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (e) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, as the case may be, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, as the case may be, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced, (iii) in no event may Indebtedness of the Company, or any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, and (iv) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor;

- (f) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations to reduce or manage the exposure of the Company or any of its Restricted Subsidiaries to fluctuations in interest rates, currencies or the price of commodities;
- (g) Pre-Registration Mortgage Guarantees by the Company or any Restricted Subsidiary;
- (h) Indebtedness Incurred by the Company or any Restricted Subsidiary for the purpose of financing
 - (x) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or a Restricted Subsidiary in the Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such assets, real or personal property or equipment which will, upon acquisition, become a Restricted Subsidiary, or (y) all or any part of the purchase price or the cost of development, construction or improvement of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or such Restricted Subsidiary in the Permitted Business; *provided* that, in the case of clauses (x) and (y), (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost, (B) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such assets, property or equipment or completion of such development, construction or improvement and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (h) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (p), (q), (s), (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (h) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets;

- (i) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);
- (j) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;
- (k) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness in the nature of such Guarantee shall at no time exceed the gross proceeds actually received from the disposition of such business, assets or Restricted Subsidiary;
- (l) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five Business Days of Incurrence;
- (m) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant, subject to the covenant described under the caption “– Limitation on Issuances of Guarantees by Restricted Subsidiaries”;
- (n) Indebtedness of the Company or any Restricted Subsidiary with a maturity of one year or less used by the Company or any Restricted Subsidiary for working capital; *provided* that, the aggregate principal amount of Indebtedness permitted by this clause (n) at any time outstanding does not exceed US\$20.0 million (or the Dollar Equivalent thereof);
- (o) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Staged Acquisition Agreement or Minority Interest Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into and becomes obligated to pay such deferred purchase price pursuant to such Staged Acquisition Agreement or Minority Interest Staged Acquisition Agreement;
- (p) Indebtedness Incurred or Preferred Stock or Disqualified Stock issued by any Restricted Subsidiary arising from any Investment made by a Trust Company Investor in a Restricted Subsidiary, and Indebtedness of the Company or a Restricted Subsidiary constituting a Guarantee by, or grant of a Lien on the assets of, the Company or a Restricted Subsidiary in favor of a Trust Company Investor with respect to the obligation to pay a guaranteed or preferred return to such Trust Company Investor on Capital Stock of such Restricted Subsidiary held by such Trust Company Investor, *provided* that on the date of such Incurrence of all such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness and Preferred Stock Incurred under this clause (p) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clause (h) above and clauses (q), (s), (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (p) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 35.0% of Total Assets;

- (q) Bank Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (q) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (h) and (p) above and clauses (s), (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (q) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets;
- (r) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$20.0 million (or the Dollar Equivalent thereof);
- (s) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting a Guarantee of Indebtedness of any Person (other than the Company or a Restricted Subsidiary) by the Company or such Restricted Subsidiary, *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate of all Indebtedness Incurred under this clause (s) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (h), (p) and (q) above and clauses (t), (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (s) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets;
- (t) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Restricted Subsidiary became a Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (ii) otherwise in contemplation of a Person becoming a Restricted Subsidiary or any such acquisition); *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (t) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (h), (p), (q) and (s) above and clauses (u) and (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (t) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets;
- (u) Indebtedness Incurred by the Company or any Restricted Subsidiary which is secured by Investment Properties and Guarantees thereof by the Company or any Restricted Subsidiary, *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (u) (together with refinancing thereof and the aggregate principal amount outstanding of Indebtedness and Preferred Stock Incurred under clauses (h), (p), (q), (s) and (t) above and clause (v) below and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (u) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35.0% of Total Assets;

- (v) Indebtedness Incurred by the Company or any Restricted Subsidiary under Credit Facilities; provided that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred under this clause (v) (together with refinancings thereof and the aggregate principal amount outstanding of Indebtedness that was Incurred under clauses (h), (p), (q), (s), (t) and (u) above and the refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses and this clause (v) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 35.0% of Total Assets; and
 - (w) Indebtedness constituting a Subordinated Shareholder Loan.
- (3) For purposes of determining compliance with this covenant, in the event that an item of Indebtedness or Preferred Stock meets the criteria of more than one of the types of Indebtedness or Preferred Stock described above, including under the proviso in the first paragraph, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness or Preferred Stock in one or more types of such Indebtedness or Preferred Stock.
 - (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 Restricted Subsidiary’s Capital Stock (other than dividends or distributions payable or paid in shares of the Company’s Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) or any direct or indirect parent of the Company held by any Persons other than the Company or any Restricted Subsidiary;
- (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 Restricted Subsidiary); or
- (4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

- (a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;
- (b) the Company could not Incur at least US\$1.00 of Indebtedness under the proviso in the first paragraph of the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock”; or
- (c) such Restricted Payment, together with the aggregate amount of all (1) Restricted Payments made by the Company and its Restricted Subsidiaries after the Original Issue Date and (2) payments made by the Company and its Restricted Subsidiaries after the Measurement Date but on or before the Original Issue Date that would have been Restricted Payments had they been made after the Original Issue Date, 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 January 1, 2017 and ending on the last day of the Company’s most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); *plus*
 - (ii) 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Restricted Subsidiary of the Company, including any such Net Cash Proceeds received upon (A) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (B) the exercise by a Person who is not a Restricted Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock) in each case excluding the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; *plus*
 - (iii) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company’s consolidated balance sheet upon the conversion or exchange (other than by a Restricted Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); *plus*
 - (iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Measurement Date, (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date of an obligation of another Person, (C) to the extent that an Investment made after the Measurement Date was, after such date, or is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person, or (E) any Person becoming a Restricted Subsidiary (whereupon all Investments made by the Company or any Restricted Subsidiary in such Person since the Measurement Date shall be deemed to have been made pursuant to clause (1) of the definition of “Permitted Investment”) but only to the extent such Investments by the Company or any Restricted Subsidiary in such Person was a Restricted Payment made to the extent permitted under this paragraph (c); *plus*
 - (v) US\$20.0 million (or the Dollar Equivalent thereof).

The foregoing provision shall not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) the redemption, repurchase or other acquisition of Capital Stock of the Company or any Subsidiary Guarantor or any JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or a sale (other than to a Restricted Subsidiary of the Company) of, shares of the Capital Stock (other than Disqualified Stock) of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph, *provided however* that any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (3);
- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors (or options, warrants or other rights to acquire such Capital Stock); *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph, *provided however* that any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (4);
- (5) the declaration and payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a *pro rata* basis or on a basis more favorable to the Company, to all holders of any class of Capital Stock of such Restricted Subsidiary;
- (6) dividends or other distributions paid to, or the purchase of Capital Stock of any Restricted Subsidiary held by, any Trust Company Investor in respect of any Indebtedness or Preferred Stock outstanding on the Original Issue Date or permitted to be Incurred or issued under paragraph (2)(p) of the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock”;
- (7) cash payments in lieu of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company, provided, however, that any such cash payments shall not be for the purpose of evading the limitation of this covenant (as determined in good faith by the Board of Directors of the Company);
- (8) the purchase by the Company or a Restricted Subsidiary of Capital Stock of any Restricted Subsidiary that is not Wholly Owned, directly or indirectly, by the Company from an Independent Third Party pursuant to an agreement entered into between/among the Company or any Restricted Subsidiary and such Independent Third Party solely for the purpose of acquiring real property or land use rights, provided that (x) such purchase occurs within 12 months after 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 Officer’s Certificate confirming that, in the opinion of the Board of Directors, the purchase price of such Capital Stock is less than or equal to the Fair Market Value of such Capital Stock;

- (9) (A) the repurchase, redemption or other acquisition or retirement for value of the Capital Stock of the Company or any Restricted Subsidiary (directly or indirectly, including through any trustee, agent or nominee) in connection with an employee benefit plan, and any corresponding Investment by the Company or any Restricted Subsidiary in any trust or similar arrangements to the extent of such repurchased, redeemed, acquired or retired Capital Stock, or (B) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); provided that the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock shall not exceed US\$5.0 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination);
- (10) repurchases of Capital Stock deemed to occur upon the exercise of stock options if such Capital Stock represents a portion of the exercise price thereof;
- (11) the payment of any dividend or distribution payable or paid in Capital Stock (other than Disqualified Stock or Preferred Stock) of any Unrestricted Subsidiary or in options, warrants or other rights to acquire shares of such Capital Stock;
- (12) the redemption, repurchase or other acquisition of or the declaration and payment of dividends on the Common Stock of the Company by the Company in an aggregate amount not to exceed 25.0% of profit for year based on the consolidated financial statements of the Company for any fiscal year;
- (13) payments, including distributions, made under or in connection with any Perpetual Securities Obligation pursuant to the terms thereof or in connection with a repurchase or redemption thereof;
- (14) the distributions or payments of Securitization Fees in connection with Receivable Financings; or
- (15) the payment by the Company of a dividend in respect of its Capital Stock, which dividend is declared on or prior to June 30, 2018, in an amount as announced on the Hong Kong Stock Exchange,

provided that, in the case of clause (2), (3), (4), (12) or (15) of this paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment made pursuant to clause (1) and clause (12) of the preceding paragraph shall be included in calculating whether the conditions of clause (c) of the first paragraph of this covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities (other than any Restricted Payments set forth in clauses (5) through (15) above) must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds US\$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US\$10.0 million (or the Dollar Equivalent thereof) (other than any Restricted Payments set forth in clauses (5) through (8) above), the Company will deliver to the Trustee an Officer's Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

For purposes of determining compliance with this covenant, in the event that an item of Investment meets the criteria of both the first paragraph of this covenant and paragraph (17) of the definition of "Permitted Investment" at any time, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Investment in either or both of such paragraphs.

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, or under any *Pari Passu* Guarantee, or any Indebtedness of the Company, any Subsidiary Guarantee or any JV Subsidiary Guarantee guaranteed by any *Pari Passu* Guarantee and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (b) existing under or by reason of applicable law, rule, regulation or order;
 - (c) with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, or (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of the property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

- (e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the covenants described under the captions “– Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “– Limitation on Indebtedness and Preferred Stock” and “– Limitation on Asset Sales”;
- (f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness or issuance of Preferred Stock or Disqualified Stock of the type described under clause (2)(h), (2)(o), (2)(p), (2)(q), (2)(s), (2)(t), (2)(u) or (2)(v) or permitted under clause (2)(n) or (2)(r) of the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock” 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 Indebtedness of the type described in clause 2(h), 2(o), (2)(p), 2(q), 2(s), 2(t), 2(u) or 2(v) or permitted under (2)(n) or (2)(r), any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
- (g) existing in customary provisions in shareholders agreement, joint venture agreements and other similar agreements, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to such joint venture and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a shareholder, joint venture or similar agreement of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Company to make the required payments on the Notes, or (y) any Subsidiary Guarantor or JV Subsidiary Guarantor to make required payments under its Subsidiary Guarantee or JV Subsidiary Guarantee; or
- (h) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Unrestricted Subsidiary or its subsidiaries or the property or assets of such Unrestricted Subsidiary or its subsidiaries, and any extensions, refinancing, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

- (1) to the Company or a Wholly Owned Restricted Subsidiary or, in the case of a Restricted Subsidiary that is not Wholly Owned, *pro rata* to its shareholders or incorporators or on a basis more favorable to the Company and/or its Restricted Subsidiary;
- (2) to the extent such Capital Stock represents director’s qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;

- (3) the sale or issuance of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such sale or issuance, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the covenant described under the caption “– Limitation on Restricted Payments” if made on the date of such sale or issuance and *provided* that the Company complies with the covenant described under the caption “– Limitation on Asset Sales”; or
- (4) the sale or issuance of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such sale or issuance); *provided* that the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such sale or issuance in accordance with the covenant described under the caption “– Limitation on Asset Sales.”

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness (“Guaranteed Indebtedness”) of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor, unless (1)(a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim, or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, until the Notes have been paid in full or (2) such Guarantee is permitted by clause (2)(c), (2)(d) or (2)(q) (in the case of clause (2)(q), with respect to the Guarantee provided by the Company or any Restricted Subsidiary through the pledge of bank accounts, deposits or other assets to secure (or the use of any Guarantee, letter of credit or similar instrument to Guarantee), directly or indirectly, any Bank Deposit Secured Indebtedness), under the caption “– Limitation on Indebtedness and Preferred Stock.”

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, or (2) is subordinated in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an “Affiliate Transaction”), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm’s length transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and
- (2) the Company delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officer’s Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

- (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion as to the fairness to the Company or the relevant Restricted Subsidiary of such Affiliate Transaction from a financial point of view or confirming that the terms of such Affiliate Transaction are no less favorable to the Company or the relevant Restricted Subsidiary than terms available to (or from, as applicable) a Person that is not an Affiliate of the Company issued by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and shall not apply to:

- (1) the payment of reasonable and customary regular fees and other compensation for the service to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;
- (2) transactions between or among the Company and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;
- (3) any Restricted Payment of the type described in clause (1), (2) or (3) of the first paragraph of the covenant described under the caption “– Limitation on Restricted Payments” if permitted by that covenant;
- (4) any sale of Capital Stock (other than Disqualified Stock) of the Company;
- (5) the payment of compensation to officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option or other incentive scheme, so long as such scheme is in compliance with the listing rules of The Hong Kong Stock Exchange Limited, which as of the Original Issue Date require a majority shareholder approval of any such scheme; or
- (6) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Company or any of its Restricted Subsidiaries with directors, officers, employees and consultants in the ordinary course of business and the payment of compensation pursuant thereto.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (including Permitted Investments that are permitted under paragraph (17) of the definition of “Permitted Investments” but otherwise excluding any other Permitted Investments) not prohibited by the covenant described under the caption “– Limitation on Restricted Payments,” (ii) transactions pursuant to agreements in effect on the Original Issue Date and described in this 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, (iii) any transaction (A) between or among the Company, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, (B) between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries, or (C) between or among the Company or a Restricted Subsidiary on the one hand and any Minority Joint Venture or Unrestricted Subsidiary on the other; *provided* that in the case of clause (iii) (a) such transaction is entered into in the ordinary course of business, (b) in the case of a non-Wholly Owned Restricted Subsidiary, none of the shareholders or partners (other than the Company or any Restricted Subsidiary) of or in such Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such other shareholder or partner being an officer or director of such Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary or by reason of being a Subsidiary or Minority Joint Venture of the Company and (iv) for as long as the Common Stock of the Company remains listed on The Stock Exchange of Hong Kong Limited, any Affiliate Transaction which is conducted in compliance with the applicable listing rules of The Stock Exchange of Hong Kong Limited.

Limitation on Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are equally and ratably secured by such Lien.

In the event that one or more Liens (and documents relating thereto) are to be established or maintained to effect equal and ratable security arrangements in respect of the Notes (as contemplated under the preceding paragraph) with regards to Indebtedness proposed to be or previously Incurred by the Company or any Subsidiary Guarantor in compliance with the terms of the Indenture, the Company may instruct the Trustee to directly, or through its Affiliates (in its capacity as Trustee or that of a collateral agent on such terms as it shall require and subject to such terms as it may agree) and without the consent of any Holders, (a) enter into one or more intercreditor agreements, pledge agreements, collateral and security agreements or other arrangements intended to effect the shared security arrangements contemplated by this paragraph among holders of such Indebtedness and (b) complete or facilitate the completion by itself or other parties of filings, registrations or other actions necessary to effect or perfect the relevant Liens or related arrangements.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any of 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 could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under “– Limitation on Indebtedness and Preferred Stock” and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption “– Limitation on Liens,” in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;
- (2) the gross cash proceeds of such Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and
- (3) the transfer of assets in such Sale and Leaseback Transaction is permitted by, and the Company or such Restricted Subsidiary applies the proceeds of such transaction in compliance with, the covenant described below under the caption “– Limitation on Asset Sales.”

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

- (1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;
- (2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and
- (3) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided* that, in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US\$15.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Company’s most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, any Subsidiary Guarantee or any JV Subsidiary

Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Company or such Restricted Subsidiary from further liability; and

- (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or any Restricted Subsidiary) may apply such Net Cash Proceeds to:

- (1) permanently repay Senior Indebtedness of the Company or a Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or
- (2) acquire properties and assets that replace the properties and assets that were the subject of such Asset Sale or in properties or assets (other than current assets that are not land use rights, properties under development or completed property held for sale) that will be used in the Permitted Businesses (including any Capital Stock in a person holding such property or assets that is primarily engaged in a Permitted Business) (“Replacement Assets”).

Pending application of such Net Cash Proceeds as set forth in clause (1) or (2) above, the Company or any Restricted Subsidiary may make an Investment in cash or Temporary Cash Investments.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) and (2) in the immediately preceding paragraph will constitute “Excess Proceeds.” Excess Proceeds of less than US\$20.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceeds US\$20.0 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 of the Notes plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered into (or required to be prepaid or redeemed in connection with) such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee will select the Notes (and such other *pari passu* Indebtedness) to be purchased on a *pro rata* basis by lot or such other method the Trustee determines in its sole and absolute discretion. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on the Company’s Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; provided, however, that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited when made by the covenant under the caption “– Limitation on Restricted Payments.”

Use of Proceeds

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the 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 (or in the case of Additional Notes, the offering or other document relating to the sale of such Additional Notes) and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) neither the Company nor any Restricted Subsidiary provides credit support (other than any credit support in compliance with clause (6) of this paragraph) for the Indebtedness of such Restricted Subsidiary; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company as a result of such designation; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock” or such Lien would violate the covenant described under the caption “– Limitation on Liens”; (5) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; and (6) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under “– Limitation on Restricted Payments.”

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock”; (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under the caption “– Limitation on Liens”; (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (5) if such Restricted Subsidiary is not a Non-Guarantor Subsidiary, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or a JV Subsidiary Guarantor to the extent required under “– The Subsidiary Guarantees and the JV Subsidiary Guarantees.”

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and 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 the Rating Agency and no Default has occurred and is continuing (a “Suspension Event”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from the Rating Agency, the provisions of the Indenture summarized under the following captions will be suspended:

- (1) “– 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”;
- (8) “– Certain Covenants – Limitation on Asset Sales”; and
- (9) clauses (3), (4) and 5(x) of the first and second paragraphs of “– Consolidation, Merger and Sale of Assets.”

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant summarized under the caption “– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries” or the definition of “Unrestricted Subsidiary.”

Such covenants will be 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 ordinary 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 English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally-recognized firm of independent accountants;
 - (b) as soon as they are available, but in any event within 45 calendar days after the end of the second financial quarter of the Company, copies of its financial statements (on a consolidated basis and in English language) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of an internationally-recognized firm of independent accountants; and
 - (c) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third financial quarter of the Company, copies of its unaudited financial statements (on a consolidated basis and in English language), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.
- (2) In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee within (a) 120 days after the close of each fiscal year ending after the Original Issue Date, an Officer's Certificate stating the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarters and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio thereof, with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; *provided* that the Company shall not be required to provide such auditor certificate if its external auditors refuse to provide such certificate as a result of a policy of such external auditors not to provide such certificate; and (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default or an Event of Default, an Officer's Certificate setting forth the details of the Default or the Event of Default, and the action which the Company proposes to take with respect thereto.

EVENTS OF DEFAULT

The following events will be defined as "Events of Default" in the Indenture:

- (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of the provisions of the covenants described under "– Consolidation, Merger and Sale of Assets," the failure by the Company to make or consummate an Offer to Purchase in the manner described under the captions "– Repurchase of Notes upon a Change of Control Triggering Event" or "– Certain Covenants – Limitation on Asset Sales";

- (4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;
- (5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$10.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) the failure to make a principal payment when due;
- (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\$10.0 million (or the Dollar Equivalent thereof) (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (7) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant 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 Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary) or for any substantial part of the property and assets of the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary) and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary) under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (8) the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary) (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary) or for all or substantially all of the property and assets of the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary) or (c) effects any general assignment for the benefit of creditors (other than, in each case under (b), any of the foregoing that arises from any solvent liquidation or restructuring of a Significant Subsidiary in the ordinary course of business that shall result in the net assets of such Significant Subsidiary being transferred to or otherwise vested in the Company or any Restricted Subsidiary on a pro rata basis or on a basis more favorable to the Company); or
- (9) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders shall, subject to receiving indemnity and/or security to its satisfaction, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary), the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of the Holders of Notes waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (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, premium, if any and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that is unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action that is not inconsistent with any such direction received from Holders. The Trustee shall not be required to expend its own funds in following such direction if it does not believe that reimbursement or indemnity and/or security is assured to it.

A Holder of Notes may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee indemnity and/or security satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the written request and the offer of indemnity and/or security satisfactory to it; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the written request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under the Indenture and that the Company and its Restricted Subsidiaries have fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See "– Certain Covenants – 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) to another Person, unless:

- (1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") shall be a corporation organized and validly existing under the laws of the Cayman Islands, Hong Kong or the British Virgin Islands and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a *pro forma* basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a *pro forma* basis the Company or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the first paragraph of the covenant described under the caption "– Certain Covenants – Limitation on Indebtedness and Preferred Stock";
- (5) the Company delivers to the Trustee (x) an Officer's Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and
- (6) each Subsidiary Guarantor and JV Subsidiary Guarantor, unless such Subsidiary Guarantor or JV Subsidiary Guarantor is the Person with which the Company has entered into a transaction described under this caption, shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable, shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture; and
- (7) if the Notes are rated, no Rating Decline shall have occurred.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor or, in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor), unless:

- (1) such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction (or, in the case of a JV Subsidiary Guarantor, another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor); and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor or JV Subsidiary Guarantor under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US\$1.00 of Indebtedness under the first paragraph of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (5) the Company delivers to the Trustee (x) an Officer's 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) if the Notes are rated, no Rating Decline shall have occurred,

provided that this paragraph shall not apply to any sale or other disposition that complies with the covenant described under the caption “– Certain Covenants – Limitation on Asset Sales” or any Subsidiary Guarantor or JV Subsidiary Guarantor whose Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, is unconditionally released in accordance with the provisions described under “– The Subsidiary Guarantees and the JV Subsidiary Guarantees – Release of the Subsidiary Guarantees and the JV Subsidiary Guarantees.”

Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor that may adversely affect Holders.

NO PAYMENTS FOR CONSENTS

The Company will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes in connection with an exchange or tender offer, the Company and any Restricted Subsidiary may exclude (i) Holders or beneficial owners of the Notes that are not institutional “accredited investors” as defined in Rule 501 under the Securities Act, 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 or any Restricted Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

DEFEASANCE

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

- (1) the Company (a) has deposited with the Trustee (or its agent), in trust, money and/or U.S. Government Obligations or any combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity for such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally-recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;
- (2) the Company has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and
- (3) immediately after giving effect to such deposit on a *pro forma* basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of its Restricted Subsidiary is a party or by which the Company or any of its Restricted Subsidiary is bound.

In the case of either discharge or defeasance of the Notes the Subsidiary Guarantees and the JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that (i) the provisions of the Indenture applicable to the Notes will no longer be in effect with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph, and clauses (3), (4), (5)(x) and (6) under the second paragraph under “– Consolidation, Merger and Sale of Assets” and all the covenants described herein under “– Certain Covenants,” other than as described under “– Certain Covenants – Government Approvals and Licenses; Compliance with Law” and “– Certain Covenants – Anti-Layering,” and (ii) clause (3) under “– Events of Default” with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph, and clauses (3), (4), (5)(x) and (6) under the second paragraph under “– Consolidation, Merger and Sale of Assets” and with respect to the other events set forth in clause (i) above, clause (4) under “– Events of Default” with respect to such other covenants in clause (i) above and clauses (5) and (6) under “Events of Default” shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or its agent), in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event that the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee (or its agent) will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company will remain liable for such payments.

AMENDMENTS AND WAIVER

Amendments Without Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may be amended, without the consent of any Holder, to:

- (1) cure any ambiguity, defect, omission or inconsistency in the Indenture or the Notes;
- (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 or release any collateral to secure the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee or enter into any intercreditor agreement in accordance with the Indenture;
- (7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (8) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream;
- (9) make any other change that does not materially and adversely affect the rights of any Holder; or
- (10) conform the text of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees to any provision of this “Description of the Notes” to the extent that such provision in this “Description of the Notes” was intended to be a verbatim recitation of a provision in the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

Amendments With Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may be amended with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in aggregate principal amount of the outstanding Notes or the Trustee may amend or waive future compliance by the Company with any provision thereof; *provided, however*, that no such modification, amendment or waiver may, without the consent of each Holder affected thereby:

- (1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (2) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (3) change the currency of payment of principal of, or premium, if any, or interest on, any Note;
- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note, any Subsidiary Guarantee or any JV Subsidiary Guarantee;
- (5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;
- (7) release any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;
- (8) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (9) amend, change or modify any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects the Holders;
- (10) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or, change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale, whether through an amendment or waiver of provision in the covenants, definitions or otherwise, unless such amendment, waiver or modification shall be in effect prior to the occurrence of a Change of Control Triggering Event or the event giving rise to the repurchase of the Notes under “Certain Covenants – Limitation on Asset Sales”;
- (11) change the redemption date or the redemption price of the Notes from that stated under the caption “– Optional Redemption” or “– Redemption for Taxation Reasons”;
- (12) amend, change or modify the obligation of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or
- (13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which materially and adversely affects the Holders.

UNCLAIMED MONEY

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

NO PERSONAL LIABILITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS, DIRECTORS OR EMPLOYEES

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors in the Indenture, or in any of the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees, or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer,

director, employee or controlling person of the Company, any of the Subsidiary Guarantors or JV Subsidiary Guarantors, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under the federal securities laws.

CONCERNING THE TRUSTEE AND THE AGENTS

Citicorp International Limited will be appointed as trustee under the Indenture. Citibank, N.A., London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability, will be appointed as registrar (the “Registrar”), paying agent and transfer agent (the “Paying and Transfer Agent” and together with the Registrar, the “Agents”) with regard to the Notes. Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenant or obligation shall be read into the Indenture against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person’s own affairs.

The 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, including normal banking and trustee relationships, with the Company and its Affiliates; *provided, however*, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee will not be under any obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders, unless the requisite number of Holders have instructed it in writing and offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense.

Furthermore, each Holder, by accepting the Notes agrees, for the benefit of the Trustee, that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the offering of the Notes and has not relied on and will not at any time rely on the Trustee in respect of such risks.

BOOK-ENTRY; DELIVERY AND FORM

The Notes will be represented by a global note in registered form without interest coupons attached (the “Initial Global Note”). On the Original Issue Date, the Global Note will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream. Any additional Notes will be represented by additional global notes in registered form without interest coupons attached (the “Additional Global Notes” and, together with the Initial Global Note, the “Global Notes”).

GLOBAL NOTES

Ownership of beneficial interests in the Initial Global Notes (the “book-entry interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “– Individual Definitive Notes,” the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Notes for all purposes under the Indenture and “holders” of book-entry interests will not be considered the owners or “Holders” of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Trustee or any of the Agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

PAYMENTS ON THE GLOBAL NOTES

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and Additional Amounts) will be made to the Paying and Transfer Agent in U.S. dollars. The Paying and Transfer Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Company, the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under “– Additional Amounts.”

Under the terms of the Indenture, the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor, the Agents and the Trustee will treat the registered holder of the Global Notes (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of the Agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- any action or failure to take action by Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

REDEMPTION OF GLOBAL NOTES

In the event any Global Note, or any portion thereof, is redeemed, the common depositary will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided, however*, that no book-entry interest of US\$200,000 principal amount, or less, as the case may be, will be redeemed in part.

ACTION BY OWNERS OF BOOK-ENTRY INTERESTS

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in a Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note.

TRANSFERS

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Notes will be subject to the restrictions on transfer discussed under "Transfer Restrictions" of this offering memorandum.

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

GLOBAL CLEARANCE AND SETTLEMENT UNDER THE BOOK-ENTRY SYSTEM

Book-entry interests owned through Euroclear or Clearstream accounts will follow the applicable settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream participants on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

INFORMATION CONCERNING EUROCLEAR AND CLEARSTREAM

The Company understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of the Agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

INDIVIDUAL DEFINITIVE NOTES

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed within 90 days, (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with “– Events of Default” and the Company has received a written request from a Holder, the Company will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depositary or the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Notes for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by the Trustee or the Registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the Registrar, through the relevant clearing system, with written instruction and other information required by the Company and the Registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

NOTICES

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or first-class mail (if intended for the Company or any Subsidiary Guarantor) addressed to the Company or such Subsidiary Guarantor at its principal office; (if intended for the Trustee) at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder’s last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

CONSENT TO JURISDICTION; SERVICE OF PROCESS

The Company and each of the Subsidiary Guarantors and the JV 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 Cogency Global Inc. for receipt of service of process in any such suit, action or proceeding.

GOVERNING LAW

Each of the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees (if any) and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

DEFINITIONS

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this “Description of the Notes” for which no definition is provided.

“Acquired Indebtedness” means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

“Adjusted Treasury Rate” means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities”, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after September 10, 2023, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

“Affiliate” means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, whether now or in the future; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Applicable Premium” means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of (x) the redemption price of such Notes on September 10, 2023 (such redemption price being set forth in the table appearing above under the caption “– Optional Redemption”), plus (y) all required remaining scheduled interest payments due on such Note through September 10, 2023 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (B) the principal amount of such Note on such redemption date.

“August 2020 RMB Notes” means the 7.40% Senior Notes due 2021 issued by the Company.

“April 2019 Notes” means the 8.65% Senior Notes due 2023 issued by the Company.

“April 2021 Notes” means the 5.98% Senior Notes due 2022 issued by the Company.

“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 of Capital Stock of a Subsidiary or issuance of Capital Stock by a Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any 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 covenant described under the caption “– Certain Covenants – Limitation on Restricted Payments”;

- (3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$1 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 described under the caption “– Consolidation, Merger and Sale of Assets”; and
- (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.

“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 bank accounts, deposits or other assets of the Company or a Restricted Subsidiary or (ii) guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and its Restricted Subsidiaries to in effect exchange foreign currencies into Renminbi or vice versa or to remit Renminbi or any foreign currency into or outside the PRC.

“Board of Directors” means the board of directors elected or appointed by the stockholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in the City of New York, London or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the merger, amalgamation or consolidation of the Company with or into another Person (other than one or more Permitted Holders) or the merger or amalgamation of another Person (other than one or more Permitted Holders) with or into the Company, or the sale of all or substantially all the assets of the Company to another Person (other than one or more Permitted Holders);
- (2) the Permitted Holders are the beneficial owners of less than 45.0% of the total voting power of the Voting Stock of the Company;

- (3) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the U.S. Exchange Act) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the U.S. Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders;
- (4) individuals who on the Original Issue Date constituted the board of directors 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
- (5) the adoption of a plan relating to the liquidation or dissolution of the Company.

“Change of Control Triggering Event” means the occurrence of a Change of Control and if the Notes are rated, a Rating Decline.

“Clearstream” means Clearstream Banking S.A.

“Commodity Hedging Agreement” means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in commodity prices.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

“Comparable Treasury Issue” means the U.S. Treasury security having a maturity comparable to September 10, 2023 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to September 10, 2023.

“Comparable Treasury Price” means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three (or such lesser number as is 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 for which consolidated financial statements of the Company and its Restricted Subsidiaries (which the Company shall use its best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements).

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense,
- (2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets), and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period and other than losses on Investment Properties arising from fair value adjustments made in conformity with GAAP), less all non-cash items increasing Consolidated Net Income (other than accrual of revenue in the ordinary course of business and gains on Investment Properties arising from fair value adjustments made in conformity with GAAP),

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP; *provided* that (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. For the avoidance of doubt, distributions incurred, accrued or payments on any Perpetual Securities Obligation shall not be included in the calculation of Consolidated Fixed Charges.

“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 Person (other than the Company or any Restricted Subsidiary) that is Guaranteed by, or secured by a Lien on any asset of, the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees and Liens on any Capital Stock of a Person that is not a Restricted Subsidiary), only to the extent such interest is actually paid by the Company or any Restricted Subsidiary and (7) any capitalized interest; *provided* that 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. For the avoidance of doubt, distributions incurred, accrued or payments on any Perpetual Securities Obligation shall not be included in the calculation of Consolidated Interest Expense.

“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;
- (7) any gains and losses arising from changes in the fair value of trust loans related derivatives, as determined in conformity with GAAP; and
- (8) any net after-tax extraordinary or non-recurring gains,

provided that (A) solely for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the current book value and the cash sale price shall be added to Consolidated Net Income; (B) for purposes of this Consolidated Net Income calculation (but not for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio) any net after tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the original cost basis and the cash sale price shall be added to Consolidated Net Income to the extent not already included in the net income for such period as determined in conformity with GAAP and Consolidated Net Income and (C) solely for the purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains on Investment Properties arising from fair value adjustments made in conformity with GAAP shall be added to Consolidated Net Income.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available quarterly, semi-annual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Company and its Restricted Subsidiaries, plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any 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 assets, real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

“Credit Facilities” means one or more of the facilities or arrangements with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables or financings (including without limitation through the sale of receivables or assets to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or assets or the creation of any Liens in respect of such receivables or assets in favor of such institutions), letters of credit or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder (provided that such increase is permitted under the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”) or (4) otherwise altering the terms and conditions thereof.

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in foreign exchange rates.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the 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 covenants described under the captions “– Certain Covenants – Limitation on Asset Sales” and “– Repurchase of Notes upon a Change of Control Triggering Event” and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company’s repurchase of such Notes as are required to be repurchased pursuant to the covenants described under the captions “– Certain Covenants – Limitation on Asset Sales” and “– Repurchase of Notes upon a Change of Control Triggering Event.”

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

“Entrusted Loans” means borrowings by a Non-Guarantor Subsidiary from the Company or another Non-Guarantor Subsidiary (whether directly or through or facilitated by a bank or other financial institution), *provided* that, such borrowings are not reflected as borrowings on the consolidated balance sheet of the Company.

“Equity Offering” means (i) any underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any underwritten secondary public offering or secondary private placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Company at the same price as the public offering or private placing price; *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 SA/NV.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“Exempted Subsidiary” means any Restricted Subsidiary organized in any jurisdiction other than the PRC that is prohibited by applicable law or regulation to provide a Subsidiary Guarantee or a JV Subsidiary Guarantee; *provided* that (x) the Company shall have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such Subsidiary Guarantee or JV Subsidiary Guarantee, to the extent that such approval or registration is available under any applicable law or regulation and (y) such Restricted Subsidiary shall cease to be an Exempted Subsidiary immediately upon such prohibition ceasing to be in force or apply to such Restricted Subsidiary or upon the Company having obtained such applicable approval or registration.

“Existing Notes” means, the February 2019 Notes, the October 2019 Notes, the November 2019 Notes, the January 2020 Notes, the May 2020 Notes, the June 2020 Notes, the August 2020 RMB Notes, the September 2020 Notes, the November 2020 Notes, the January 2021 Notes, the February 2021 Notes and the April 2021 Notes.

“Fair Market Value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution, except in the case of a determination of Fair Market Value of total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of recognized international standing appointed by the Company.

“February 2019 Notes” means the 9.8% Senior Notes due 2021 issued by the Company.

“February 2021 Notes” means the 6.7% Senior Notes due 2026 issued by the Company.

“Fitch” means Fitch Ratings Ltd. and its successors.

“Fixed Charge Coverage Ratio” means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarter periods prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the “Four Quarter Period”) to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

- (a) pro forma effect shall be given to any Indebtedness or Preferred Stock Incurred, repaid or redeemed during the period (the “Reference Period”) commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness or Preferred Stock;
- (b) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (c) pro forma effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (d) pro forma effect shall be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (e) pro forma effect shall be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period,

provided that, to the extent that clause (d) or (e) of this paragraph requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the four full fiscal quarter periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“GAAP” means generally accepted accounting principles in Hong Kong as in effect from time to time.

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided* that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Hedging Obligation” of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement.

“Holder” means the Person in whose name a Note is registered in the 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, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock shall not be considered an Incurrence of Indebtedness. The terms “Incurrence,” “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations; and
- (9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include (1) any capital commitments, deferred payment obligations, pre-sale receipts in advance from customers or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business, (2) Entrusted Loans, or (3) any Perpetual Securities Obligation; *provided* that such Indebtedness is not reflected as borrowings on the consolidated balance sheet of the Company as borrowings or indebtedness (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected as borrowings on the balance sheet will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided* that

- (1) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;
- (2) money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest; and
- (3) the amount of Indebtedness with respect to any Hedging Obligation shall be: (i) zero if Incurred pursuant to clause (2)(f) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock,” and (ii) equal to the net amount payable by such Person if such Hedging Obligation were terminated at that time if not Incurred pursuant to such paragraph.

“Independent Third Party” means any Person that is not an Affiliate of the Company.

“Initial Other Non-Guarantor Subsidiary” has the meaning set forth under the caption “the Subsidiary Guarantees and the JV Subsidiary Guarantees”.

“Interest Rate Agreement” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to reduce or manage exposure to fluctuations in interest rates.

“Investment” means:

- (1) any direct or indirect advance, loan or other extension of credit to another Person;
- (2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);
- (3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or
- (4) any Guarantee of any obligation of another Person.

For the purposes of the provisions of the “Designation of Restricted and Unrestricted Subsidiaries” and “Limitation on Restricted Payments” covenants: (1) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Company’s proportional interest in the Fair Market Value of the assets (net of the Company’s proportionate interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, 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, 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, Moody’s or both of them, as the case may be.

“Investment Property” means any property that is held by the Company or any Restricted Subsidiary primarily for rental yields or for capital appreciation or both, or any hotel owned or held by the Company or any Restricted Subsidiary from which the Company or any Restricted Subsidiary derives or expects to derive operating income.

“January 2020 Notes” means the 7.875% Senior Notes due 2024 issued by the Company.

“January 2021 Notes” means the 6.63% Senior Notes due 2026 issued by the Company.

“June 2020 Notes” means the 8.3% Seniors Notes due 2023 issued by the Company.

“JV Entitlement Amount” means, with respect to any JV Subsidiary Guarantor and its Subsidiaries, an amount that is equal to the product of (i) the Fair Market Value of the total assets of such JV Subsidiary Guarantor and its Subsidiaries, on a consolidated basis (without deducting any Indebtedness or other liabilities of such JV Subsidiary Guarantor and its subsidiaries) as of the date of the last fiscal year end of the Company; and (ii) a percentage equal to the direct equity ownership percentage of the Company and/or its Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

“JV Subsidiary Guarantee” has the meaning set forth under the caption “– The Subsidiary Guarantees and the JV Subsidiary Guarantees.”

“JV Subsidiary Guarantor” means a Restricted Subsidiary that executes a JV Subsidiary Guarantee. “Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“Listed Subsidiary” means any Restricted Subsidiary any class of Voting Stock of which is listed on a Qualified Exchange and any Restricted Subsidiary of a Listed Subsidiary; *provided* that such Restricted Subsidiary shall cease to be a Listed Subsidiary immediately upon, as applicable, (x) the Voting Stock of such Restricted Subsidiary ceasing to be listed on a Qualified Exchange, or (y) such Restricted Subsidiary ceasing to be a Restricted Subsidiary of a Listed Subsidiary.

“May 2020 Notes” means the 8.35% Senior Notes due 2024 issued by the Company.

“Minority Interest Staged Acquisition Agreement” means an agreement between the Company and/or any Restricted Subsidiary on the one hand and an Independent Third Party on the other (x) pursuant to which the Company and/or such Restricted Subsidiary agrees to acquire less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock at the time the Company and/or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

“Minority Joint Venture” means any corporation, association or other business entity that is accounted for by the equity method of accounting in accordance with GAAP by the Company or a Restricted Subsidiary and primarily engaged in the Permitted Businesses, and such Minority Joint Venture’s Subsidiaries.

“Measurement Date” means June 28, 2018.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Net Cash Proceeds” means:

- (1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:
 - (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;
 - (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and 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, 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.

“November 2019 Notes” means the 9.15% Senior Notes due 2023 issued by the Company.

“November 2020 Notes” means the 5.95% Senior Notes due 2021 issued by the Company.

“October 2019 Notes” means the 8.7% Senior Notes due 2022 issued by the Company.

“Offer to Purchase” means an offer to purchase Notes by the Company from the Holders commenced by the Company sending a notice to the Trustee, the Paying and Transfer Agent and each Holder at its last address appearing in the Note register stating:

- (1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;
- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Offer to Purchase Payment Date”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the tender agent (the “Tender Agent”) at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the Tender Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
- (7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a principal amount of US\$200,000 or integral multiples of US\$1,000 in excess thereof.

One Business Day prior to the Offer to Purchase Payment Date, the Company shall deposit with the Tender Agent money sufficient to pay the purchase price of all Notes or portions thereof tendered pursuant to an Offer to Purchase. On the Offer to Purchase Payment Date, the Company shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officer’s Certificate specifying the Notes or portions thereof accepted for payment by the Company.

The Tender Agent shall as soon as reasonably practicable mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee 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 in excess thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Company will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Company and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

“Officer” means one of the executive officers of the Company or, in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be.

“Officer’s Certificate” means a certificate signed by one Officer.

“Opinion of Counsel” means a written opinion from legal counsel who is reasonably acceptable to the Trustee.

“Original Issue Date” means the date on which the Notes are originally issued under the Indenture.

“*Pari Passu* Guarantee” means a guarantee by the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes) or any Subsidiary Guarantor or JV Subsidiary Guarantor; *provided* that (1) the Company, or such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, was permitted to Incur such Indebtedness under the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock” and (2) such guarantee ranks *pari passu* with the Notes, with any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, or with any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

“Payment Default” means (1) any default in the payment of interest on any Note when the same becomes due and payable, (2) any default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, (3) the failure by the Company to make or consummate a Change of Control Offer in the manner described under the caption “– Repurchase of Notes upon a Change of Control,” or an Offer to Purchase in the manner described under the caption “– Certain Covenants – Limitation on Asset Sales” or (4) any Event of Default specified in clause (5) of the definition of Events of Default.

“Permitted Businesses” means any business which is the same as or related, ancillary or complementary to any of the businesses of the Company and its Restricted Subsidiaries on the Original Issue Date, which, for the avoidance of doubt, shall include, among others, real estate development business and financial investment in real estate industry.

“Permitted Holders” means any or all of the following:

- (1) Mr. Ou Zongrong, Mr. Ou Guoqiang and Mr. Ou Guowei;
- (2) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Persons specified in clause (1);
- (3) the estate, trust and any immediate family member of the Persons listed in (1) or the legal representative of any of the foregoing; and
- (4) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by Persons specified in clauses (1), (2) and (3).

“Permitted Investment” means:

- (1) any Investment in the Company or a Restricted Subsidiary, directly or indirectly through one or more other Restricted Subsidiaries, that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged, directly or indirectly through one or more other Restricted Subsidiaries, in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged, directly or indirectly through one or more other Restricted Subsidiaries, in a Permitted Business;
- (2) any Investment in cash or Temporary Cash Investments;
- (3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;
- (4) stock, obligations or securities received in satisfaction of judgments;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;
- (6) any Investment pursuant to a Hedging Obligation designed to reduce or manage the exposure of the Company or any Restricted Subsidiary to fluctuations in commodity prices, interest rates or foreign currency exchange rates;
- (7) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (8) Investments made by the Company or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with the covenant under the caption “– Certain Covenants – Limitation on Asset Sales”;
- (9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under the caption “– Certain Covenants – Limitation on Liens”;
- (10) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;
- (11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;
- (12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company’s consolidated balance sheet;
- (13) deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of business;
- (14) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of business;
- (15) deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries and prepayments made in connection with the direct or indirect acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Company or any of its Restricted Subsidiaries (including, without limitation, by way of acquisition of Capital Stock of a Person), in each case in the ordinary course of business;

- (16) Guarantees permitted under the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (17) any Investment (including any deemed Investment upon the redesignation of a Restricted Subsidiary as an Unrestricted Subsidiary or upon the sale of Capital Stock of a Restricted Subsidiary) by the Company or any Restricted Subsidiary in any Person (other than a Restricted Subsidiary); *provided* that:

- (i) the aggregate of all Investments made under this clause (17) since the Measurement Date shall not exceed in aggregate an amount equal to 25.0% 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 (17) since the Measurement Date resulting from:

- (A) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause (17), in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income),
- (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date under this clause of an obligation of any such Person,
- (C) to the extent that an Investment made after the Measurement Date under this clause (17) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment,
- (D) redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries not to exceed, in each case, the amount of Investments made pursuant to this clause (17) by the Company or any Restricted Subsidiary after the Measurement Date in any such Person, or
- (E) any such Person becoming a Restricted Subsidiary (whereupon all Investments made by the Company or any Restricted Subsidiary in such Person since the Measurement Date shall be deemed to have been made pursuant to clause (1) of this definition),

not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person pursuant to this clause (17),

- (ii) the Person into which such Investment is made is primarily engaged in the Permitted Businesses;
- (iii) none of the shareholders or partners (other than the Company or any Restricted Subsidiary) in such Person in which such Investment was made pursuant to this clause (17) is a Person described in clause (x) or (y) of the first paragraph of the covenant described under the caption “– Certain Covenants – Limitation on Transactions with Shareholders and Affiliates” (other than by reason of such shareholder or partner being an officer or director of the Company, a Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary or by reason of being a Subsidiary, Minority Joint Venture or Unrestricted Subsidiary of the Company) and
- (iv) no Default has occurred and is continuing or would occur as a result of such Investment.

For the avoidance of doubt, the value of each Investment made pursuant to this clause (17) shall be valued at the time such Investment is made;

- (18) advances in the ordinary course of business to government authorities or government-affiliated entities in the PRC for the purpose of the development and preparation by such government authority or government affiliated entity of primary land for auction purposes which advances are recorded as deposits or prepaid expenses on the Company's consolidated balance sheet to the extent each such advance is on normal commercial terms including being subject to repayment from the relevant government authority;
- (19) an acquisition of assets, Capital Stock or other securities by the Company or a Subsidiary for consideration to the extent such consideration consists solely of Common Stock of the Company;
- (20) repurchases of the Notes;
- (21) the purchase of Capital Stock of a Person and payments made pursuant to a Staged Acquisition Agreement or a Minority Interest Staged Acquisition Agreement; and
- (22) Investment that has been agreed to or is otherwise obligated to be made pursuant to a agreement or similar instrument in existence on the Measurement Date.

"Permitted Liens" means:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;
- (5) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;
- (6) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired; *provided further* that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (7) Liens in favor of the Company or any Restricted Subsidiary;
- (8) Liens arising from the rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;
- (9) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

- (10) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry, in each case, securing Indebtedness under Hedging Obligations permitted by clause (2)(f) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (11) Liens existing on the Measurement 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 “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”; *provided* that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (13) any interest or title of a lessor in the property subject to any operating lease;
- (14) Liens securing Indebtedness of the Company or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee which is permitted to be Incurred under clause (2)(g) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (15) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;
- (16) Liens (including extensions and renewals thereof) upon real or personal property; *provided* that, (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(h) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such property, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost of such property, development, construction or improvement and (c) such Lien shall not extend to or cover any property or assets other than such item of property and any improvements on such item; *provided* that, in the case of clauses (b) and (c), such Lien may cover other property or assets (instead of or in addition to such item of property or improvements) and the principal amount of Indebtedness secured by such Lien may exceed 100% of such cost if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of property or assets (as reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated financial statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (16) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;
- (17) Liens on deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (18) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (19) Liens on deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries in connection with the acquisition of real property or land use rights or personal property (including without limitation, Capital Stock) by the Company or any of its Restricted Subsidiaries in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (20) Liens granted by the Company or a Restricted Subsidiary in favor of a Trust Company Investor in respect of, and to secure, the Indebtedness permitted under paragraph (2)(p) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;

- (21) Liens securing Indebtedness permitted under clause (2)(n) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (22) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement or Minority Interest Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(o) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (23) Liens incurred on bank accounts, deposits or other assets made to secure Bank Deposit Secured Indebtedness;
- (24) Liens securing Indebtedness permitted under clause (2)(s), (2)(t) or (2)(v) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (25) Liens incurred or deposits made to secure Entrusted Loans;
- (26) Liens on Investment Properties securing Indebtedness of the Company or any Restricted Subsidiary permitted to be Incurred under clause (2)(u) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock;” and
- (27) Liens on assets of a Non-Guarantor Subsidiary securing any Permitted Subsidiary Indebtedness of any Non-Guarantor Subsidiary permitted to be Incurred under the proviso in paragraph (1) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock.”

“Permitted Subsidiary Indebtedness” means Indebtedness of, and all Preferred Stock issued by, the Non-Guarantor Subsidiaries, taken as a whole; *provided* that, on the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness (excluding any Public Indebtedness and any Indebtedness of any Non-Guarantor Subsidiary permitted under clauses 2(a), (b), (d), (f), (g), (m) and (o) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”) does not exceed an amount equal to 15% of Total Assets.

“Perpetual Securities Obligation” means perpetual securities that are accounted for as equity in accordance with the relevant generally accepted accounting principles.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“PRC” means the People’s Republic of China, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan.

“PRC CJV” means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (as most recently amended on November 4, 2017 and effective on November 5, 2017) and the Detailed Rules for the Implementation of the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995 (as most recently amended on November 17, 2017 by the Decision of the State Council on Amending Some Administrative Regulations). Since the Foreign Investment Law of the People’s Republic of China came into force on January 1, 2020, the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures was then abolished. Foreign-funded enterprises are no longer categorized as Wholly Foreign-Owned Enterprises, Sino-foreign Equity Joint Ventures and Sino-foreign Cooperative Joint Ventures. PRC CJV formed under the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures before the Foreign Investment Law of the People’s Republic of China came into force may maintain their original business forms for another five years. The Detailed Rules for the Implementation of the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures was also replaced by the Regulation for Implementing the Foreign Investment Law of the People’s Republic of China which came into force on January 1, 2020.

“PRC CJV Partner” means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

“Pre-Registration Mortgage Guarantee” means any Indebtedness of the Company or any Restricted Subsidiary consisting of a guarantee in favor of any bank or other similar financial institutions in the ordinary course of business of secured loans of purchasers of individual units of properties from the Company or any Restricted Subsidiary; provided that, any such guarantee shall be released in full on or before the perfection of a security interest in such properties under applicable law in favor of the relevant lender.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Public Indebtedness” means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

“Qualified Exchange” means either (1) The New York Stock Exchange, the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the Nasdaq Stock Market, Singapore Exchange Securities Trading Limited, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Taiwan Stock Exchange or (2) a national securities exchange (as such term is defined in Section 6 of the 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).

“Rating Agencies” means (1) Fitch and (2) Moody’s, *provided* that if Fitch or Moody’s or both of them shall not make a rating of the Notes publicly available, a nationally recognized securities rating agency or agencies, as the case may be, selected by the Company, which shall be substituted for Fitch, 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” and 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 Triggering Event and (y) a public notice of the occurrence of a Change of Control Triggering Event or of the intention by the Company or any other Person or Persons to effect a Change of Control Triggering Event 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, that date which is 90 days prior to the earlier of (x) a Change of Control Triggering Event and (y) a public notice of the occurrence of a Change of Control Triggering Event or of the intention by the Company or any other Person or Persons to effect a Change of Control Triggering Event or (2) in connection with actions contemplated under the caption “— Consolidation, Merger and Sale of Assets,” the notification by 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 of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by either of the Rating Agencies 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;
- (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).

“Receivable Financing” means any financing transaction or series of financing transactions that have been or may be entered into by the Company or any Restricted Subsidiary pursuant to which the Company or any Restricted Subsidiary may sell, convey or otherwise transfer to another Person, or may grant a security interest in, any of its receivables, mortgages, royalty, other revenue streams, assets or interests therein (including without limitation, all security interests in goods financed thereby (including equipment and property), the proceeds of such receivables, and other assets which are customarily sold or in respect of which security interests

are customarily granted in connection with securitization or factoring transactions involving such assets) for credit or liquidity management purposes (including discounting, securitization or factoring transactions) either (i) in the ordinary course of business or (ii) by way of selling securities by such other Person that are, or are capable of being, listed on any stock exchange or in any securities market and are offered using an offering memorandum or similar offering document.

“Receivable Financing Assets” means assets that are underlying and are sold, conveyed or otherwise transferred or pledged in a Receivable Financing.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in the City of New York, selected by the Company in good faith.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Company in good faith of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m. (New York City time) on the third Business Day preceding such redemption date.

“Restricted Subsidiary” means any Subsidiary of the Company other than an Unrestricted Subsidiary. “S&P” means Standard & Poor’s Ratings Services and its affiliates.

“Sale and Leaseback Transaction” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Securitization Fees” means distributions or payments made directly or by means of discounts with respect to any Receivable Financing Asset or participation interest therein issued or sold in connection with and other fees paid to a Person that is not a Restricted Subsidiary in connection with any Receivable Financing.

“Senior Indebtedness” of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to (a) in respect of the Company, the Notes, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee, or (c) in respect of any Restricted Subsidiary that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; *provided* that Senior Indebtedness does not include (1) any obligation to the Company or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Indenture.

“September 2020 Notes” means the 7.35% Senior Notes due 2025 issued by the Company.

“Significant Subsidiary” means a Restricted Subsidiary, when consolidated with its Restricted Subsidiaries, that would be a “significant subsidiary” using the conditions specified in the definition of significant subsidiary in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the U.S. Securities Act, as such Regulation is in effect on the date of the Indenture, if any of the conditions exceeds 5%.

“Staged Acquisition Agreement” means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire not less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subordinated Shareholder Loan” means any unsecured Indebtedness for borrowed money Incurred by the Company or any Restricted Subsidiary from but only so long as such Indebtedness is owed to any Permitted Holder which (i) is expressly made subordinate to the prior payment in full of the Notes, by its terms or by the terms of any agreement or instrument pursuant to which such Indebtedness is issued, created or remains outstanding, with respect to the payment of principal and any other payment obligations in respect of such Indebtedness, (ii) by its terms (and by the terms of any security into which it is convertible or for which it is exchangeable) does not mature and is not required to be repaid, redeemed, repurchased or otherwise retired, pursuant to a sinking fund obligation, event of default or otherwise, in whole or in part, on or prior to the date that is one year after the Stated Maturity of the Notes and (iii) by its terms, does not provide for any cash payment of interest (or premium, if any).

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity (i) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and, in each case of (i) and (ii) which is “controlled” and consolidated by such Person in accordance with GAAP; *provided, however*, that with respect to clause (ii), the occurrence of any event (other than the issuance or sale of Capital Stock) as a result of which such corporation, association or other business entity ceases to be “controlled” by such Person under the GAAP and to constitute a Subsidiary of such Person shall be deemed to be an Investment by such Person in such entity.

“Subsidiary Guarantee” means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided* that Subsidiary Guarantor will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

“Temporary Cash Investment” means any of the following:

- (1) direct obligations of the United States of America, the United Kingdom, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, the United Kingdom, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing, in each case maturing within one year, which in the case of obligations of, or obligations Guaranteed by, the United Kingdom, any state of the European Economic Area, shall be rated at least “A” by S&P, Moody’s or Fitch;
- (2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, the United Kingdom, any state of the European Economic Area or Hong Kong, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US\$100 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

- (4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P or Fitch;
- (5) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P, Moody’s or Fitch;
- (6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;
- (7) demand or time deposit accounts, certificates of deposit, overnight or call deposits, money market deposits with any bank, trust company or financial institution organized under the laws of the PRC, Hong Kong or any other jurisdiction where the Company or any Restricted Subsidiary conducts business; and
- (8) structured deposit products that are principal protected with any bank or financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations if held to maturity (which shall not be more than one year) and can be withdrawn at any time with no more than six months’ notice.

“Total Assets” means, as of any date, the total consolidated assets of the Company and 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*:

- (1) only with respect to clause (2)(h) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” covenant and the definition of “Permitted Subsidiary Indebtedness,” Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness;
- (2) only with respect to clause (2)(t) of the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” covenant, with respect to the Incurrence of any Acquired Indebtedness as a result of any Person becoming a Restricted Subsidiary, Total Assets shall be calculated after giving pro forma effect to include the consolidated assets of such Restricted Subsidiary and any other change to the consolidated assets of the Company as a result of such Person becoming a Restricted Subsidiary; and
- (3) only with respect to any Person becoming a New Non-Guarantor Subsidiary, pro forma effect shall at such time be given to the consolidated assets of such New Non-Guarantor Subsidiary (including giving pro forma effect to any other change to the consolidated assets of the Company, in each case as a result of such Person becoming a New Non-Guarantor Subsidiary).

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“Transaction Date” means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“Trust Company Investor” means an Independent Third Party that is a bank, financial institution, insurance company, trust company, fund management company, asset management company organized under the laws of the PRC, Hong Kong Special Administrative Region, Macau Special Administrative Region or any overseas countries or territories or an Affiliate thereof, that Invests in any Capital Stock of a Restricted Subsidiary.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; *provided* that Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries unless such Person or one or more Wholly Owned Subsidiaries of such Person is entitled to 95% or more of the economic benefits distributable by such Subsidiary.

TAXATION

The following summary of certain Cayman Islands, BVI, Hong Kong and PRC 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, including such possible consequences under the laws of their country of citizenship, residence or domicile.

CAYMAN ISLANDS

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Under the laws of the Cayman Islands, payments of interest, principal and premium (if any) on the Notes will not be subject to taxation and no withholding will be required on the payment of interest, principal or premium to any holder of the Notes, as the case may be, nor will gains derived from the disposal of the Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The Cayman Islands is a party to a double tax treaty entered into with the United Kingdom in 2010 but is otherwise not party to any double taxation treaties.

No stamp duty is payable in respect of the issue of the Notes. The holder of any Notes (or a legal personal representative of such holder) whose Notes are brought into the Cayman Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Cayman Islands in respect of such Notes. Certificates evidencing registered Notes, to which title is not transferable by delivery, will not be subject to Cayman Islands stamp duty. However, an instrument transferring title to a registered Note, if brought to or executed in the Cayman Islands, would be subject to nominal Cayman Islands stamp duty. Stamp duty will be payable on any documents executed by the Company if any such documents are executed in or brought into the Cayman Islands or produced before the Cayman Islands Courts.

The Company has been incorporated under the laws of the Cayman Islands as an exempted company with limited liability and, as such, has obtained an undertaking from the Governor in Cabinet of the Cayman Islands as to tax concessions under the Tax Concessions Law. In accordance with the Tax Concessions Law, the Governor in Cabinet has undertaken with the Company:

- That no law which is hereafter enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- In addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable, on or in respect of the shares, debentures or other obligations of the Company, or by way of the withholding, in whole or part, of any relevant payment as defined in the Tax Concessions Law.

These concessions shall be for a period of twenty years from September 19, 2017.

BVI

No income, capital gain, estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to any debt obligations of the Company. There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to payments the Company may make under the transaction documents relating to the Notes or payments the Subsidiary Guarantors may make under the Subsidiary Guarantees.

HONG KONG

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.

PRC TAXATION

Taxation on Interest and Capital Gains. As advised by Commerce & Finance Law Offices, our PRC legal counsel, there is uncertainty as to whether we will be treated as a PRC “resident enterprise” for the purpose of the EIT Law. If we are considered a PRC resident enterprise, interest and capital gains realized by non-resident holders of the Notes may be treated as income derived from sources within the PRC and may be subject to PRC tax. PRC income tax at the rate of 10% is withheld from interest paid to investors that are “non-resident enterprises” and that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant interest income is not effectively connected with the establishment or place of business, to the extent such interest is derived from sources within the PRC. Any gain realized on the transfer of the Notes by such investors is subject to a 10% PRC income tax if such gain is regarded as income of a “non-resident enterprise” derived from sources within the PRC. Where the holder is a non-PRC resident individual, such holder may be subject to PRC individual income tax at the rate of 20% on payment of interest or gains (which in the case of interest may be withheld at source). Any PRC tax liability may be reduced under applicable tax treaties, but it is unclear whether, if we are considered a PRC “resident enterprise,” holders of our Notes might be able to obtain the benefit of income tax treaties or arrangements entered into between China and other countries or areas. See “Risk Factors-Risks Relating to Doing Business in the PRC-We may be classified as a “resident enterprise” for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us” and “Risks Relating to the Notes – Interest paid by us to our non-PRC holders of the Notes and gain on the sale of our Notes may be subject to withholding taxes under PRC tax laws.”

Stamp duty. No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the Notes is maintained outside the PRC and the issuance and the sale of the Notes is made outside of the PRC) of a Note.

VALUE ADDED TAX

On March 23, 2016, the MOF and the SAT issued the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (關於全面推開營業稅改徵增值稅試點的通知) (the “Circular 36”) which confirms that business tax was replaced by value-added tax from May 1, 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, value added tax.

According to Circular 36 Notice, the entities and individuals providing the services within the PRC shall be subject to VAT. The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to value-added tax include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Notes may be treated as the holders of the Notes providing loans to the Company, which thus shall be regarded as financial services subject to the value-added tax.

It is not clear from the interpretation of Circular 36 if the provision of loans to the Company could be considered services provided within the PRC, which could be regarded as the provision of financial services that could be subject to VAT. Furthermore, there is no assurance that the Company will not be treated as “resident enterprises” under the EIT Law. PRC tax authorities could take the view that the holders of the Notes are providing loans within the PRC because the Company is treated as a PRC tax resident. In such case, the issuance of the Notes could be regarded as the provision of financial services within the PRC that is subject to VAT.

If the Company is treated as a PRC tax resident and if PRC tax authorities take the view that the holders of the Notes are providing loans within the PRC, the holders of the Notes shall be subject to the value-added tax at the rate of 6% when receiving the interest payments under the Notes. In addition, the holders of the Notes shall be subject to the local levies at approximately 12% of the value-added tax payment and consequently, the combined rate of value-added tax and local levies would be around 6.72%. In that case, given that the Company pays interest income to the holders of the Notes who are located outside of the PRC, the Company, acting as the obligatory withholder in accordance with applicable law, shall withhold the value-added tax and local levies from the payment of interest income to holders of the Notes who are located outside of the PRC. Further, the payments of the interest and other interest like earnings may be subject to VAT in the event that any Subsidiary Guarantor is required to discharge its obligations under the Subsidiary Guarantee.

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

Given Circular 36 has been issued quite recently, the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. Accordingly, there is uncertainty as to the application of Circular 36.

PLAN OF DISTRIBUTION

Deutsche Bank AG, Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank, Bank of China (Hong Kong) Limited, BNP Paribas, BOCI Asia Limited, CCB International Capital Limited, CLSA Limited, CMB International Capital Limited, Credit Suisse (Hong Kong) Limited, Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, The Bank of East Asia, Limited and Zhenro Securities Co. Limited are acting as the Initial Purchasers. Subject to the terms and conditions stated in the purchase agreement dated June 1, 2021 each Initial Purchaser named below has severally but not jointly agreed to purchase, and we have agreed to sell to such Initial Purchaser of the principal amount of the Notes set forth opposite such Initial Purchaser's name. The Initial Purchasers may sell the Notes in the initial distribution or from time to time in subsequent sales in negotiated transactions at varying prices (which may be lower than the initial offering price to the Initial Purchaser).

Initial Purchaser	Principal Amount of Notes
Deutsche Bank AG, Singapore Branch	US\$56,712,000
The Hongkong and Shanghai Banking Corporation Limited.....	US\$33,354,000
Standard Chartered Bank	US\$30,000,000
Bank of China (Hong Kong) Limited.....	US\$11,152,000
BNP Paribas.....	US\$14,484,000
BOCI Asia Limited.....	US\$11,152,000
CCB International Capital Limited	US\$27,812,000
CLSA Limited.....	US\$27,812,000
CMB International Capital Limited.....	US\$14,484,000
Credit Suisse (Hong Kong) Limited.....	US\$27,812,000
Guotai Junan Securities (Hong Kong) Limited.....	US\$27,812,000
Haitong International Securities Company Limited	US\$27,812,000
The Bank of East Asia, Limited	US\$14,280,000
Zhenro Securities Co. Limited.....	US\$15,322,000
Total.....	US\$340,000,000

The purchase agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and to certain other conditions. The Initial Purchasers must purchase all the Notes if they purchase any of the Notes.

The Initial Purchasers propose to resell the Notes at the offering price set forth on the cover page of this offering memorandum only outside the United States in offshore transactions in reliance on Regulation S. See "Transfer Restrictions." The price at which the Notes are offered may be changed at any time without notice. In addition, we have agreed with the Initial Purchasers that certain private banks will be paid a commission in connection with the purchase of the Notes by their private bank clients.

The Notes and the Subsidiary Guarantees have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

The Notes will constitute a new class of securities with no established trading market. Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issues to professional investors only. However, we cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop and continue after this offering. The Initial Purchasers have advised us that they currently intend to make a market in the Notes. However, the Initial Purchasers are not obligated to do so and they may discontinue any market-making activities with respect to the Notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the Notes.

In connection with the offering of the Notes, the Initial Purchasers may engage in stabilizing transactions, syndicate covering transactions and penalty bids to the extent permitted by applicable laws and regulations. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a dealer when the Notes originally sold by such dealer are purchased in a stabilizing transaction or a covering transaction to cover short positions. Neither we nor the Initial Purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor the Initial Purchasers make any representation that the Initial Purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

We expect to deliver the Notes against payment for the Notes on or about the date specified in the last paragraph of the cover page of this offering memorandum, which will be the seventh business day following the date of the pricing of the Notes. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally settle in two business days; purchasers who wish to trade Notes on the date of pricing or the next four succeeding business days will be required, by virtue of the fact that the Notes initially will settle in T+7, to specify alternative settlement arrangements to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or the next four succeeding business days should consult their own advisor.

The Initial Purchasers or their affiliates have performed commercial banking, investment banking or advisory services for us from time to time for which they have received customary fees and reimbursement of expenses. The Initial Purchasers or their affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of business for which they may receive customary fees and reimbursement of expenses. We may enter into hedging or other derivative transactions as part of our risk management strategy with one or more of the Initial Purchasers, which may include transactions relating to our obligations under the Notes, all to the extent permitted under the Indenture. Our obligations under these transactions may be secured by cash or other collateral to the extent permitted under the Indenture.

In connection with this offering of the Notes, each Initial Purchaser and/or its affiliate(s) may place orders, purchase, receive allocations, act as an investor for its own account and may take up Notes in the offering, but not with a view to distribute (and such orders, allocations and/or purchases may be material), and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the offering of the Notes. Accordingly, references herein to the Notes being offered should be read as including any offering of the Notes to such Initial Purchaser and/or its affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

We and the Subsidiary Guarantors have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make because of any of those liabilities.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Initial Purchaser or its affiliate on behalf of the Issuer in such jurisdiction.

SELLING RESTRICTIONS

General

No action has been taken or will be taken in any jurisdiction by the Company or the Initial Purchasers that would permit a public offering of the Notes, or the possession, circulation or distribution of this offering memorandum or any other material relating to the Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

PRIIPs Regulation/Prohibition of Sales to EEA Retail Investors

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA.

For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

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

Furthermore, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available by any person to any retail investor in the EEA. Consequently no key information document as would be required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs Regulation/Prohibition of sales to UK Retail Investors

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK.

For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; and

the expression an “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.

Furthermore, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

United States

The Notes and the Subsidiary Guarantees have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See “Transfer Restrictions.” The Notes and the Subsidiary Guarantees are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

In addition, until 40 days after the commencement of this offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

United Kingdom

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

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

Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made thereunder.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948) (as amended) (the “FIEL”), and disclosure under the FIEL has not been made with respect to the Notes. Accordingly, the Notes may not be offered or sold, directly or indirectly in Japan or to, or for the account of, any resident of Japan, or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan, except pursuant to any exemption from the registration requirements of the FIEL and otherwise in compliance with the FIEL and other applicable provisions of Japanese laws and regulations. As used in this paragraph, “resident of Japan” means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

Singapore

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the 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 the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

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

PRC

The Initial Purchasers have represented and agreed that, except to the extent consistent with applicable laws and regulations in the PRC, the Notes are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to the laws and regulatory requirements in the PRC, with the exception to the extent consistent with applicable laws and regulations in the PRC, the Notes may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

Cayman Islands

No invitation whether directly or indirectly may be made to the public in the Cayman Islands to subscribe for the Notes.

British Virgin Islands

No invitation to subscribe for any of the Notes has been or will be made directly or indirectly to the public in the British Virgin Islands or to any natural person resident or citizen in the British Virgin Islands. This offering memorandum does not constitute, and will not be, an offering of the Notes to any person in the British Virgin Islands.

TRANSFER RESTRICTIONS

Because of the following restrictions, we encourage you to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes, including the Subsidiary Guarantees (collectively, the “Securities”).

The Notes are subject to restrictions on transfer as summarized below. By purchasing the Securities, you will be deemed to have made the following acknowledgements, representations to, and agreements with, us and the Initial Purchasers:

1. You understand and acknowledge that:
 - the Securities have not been registered under the Securities Act or any other applicable securities laws;
 - the Securities are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws;
 - the Securities are being offered and sold only outside the United States in offshore transactions in reliance on Rule 903 of Regulation S under the Securities Act; and
 - unless so registered, the Securities may not be sold or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws.
2. You represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that you are purchasing the Securities in an offshore transaction in accordance with Regulation S.
3. You acknowledge that neither we nor the Initial Purchasers nor any person representing us or the Initial Purchasers has made any representation to you with respect to us or the offering of the Securities, other than the information contained in this offering memorandum. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the Securities. You agree that you have had access to such financial and other information concerning us and the Securities as you have deemed necessary in connection with your decision to purchase the Securities including an opportunity to ask questions of and request information from us.
4. You represent that you are purchasing the Securities for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Securities in violation of the Securities Act.
5. You also acknowledge that each Note will contain a legend substantially to the following effect: THIS NOTE AND THE SUBSIDIARY GUARANTEES RELATED TO THIS NOTE (COLLECTIVELY, THE “SECURITY”) 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 OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

6. You acknowledge that we, the Initial Purchasers, the Trustee, the Paying and Transfer Agent and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of the Securities is no longer accurate, you will promptly notify us, the Initial Purchasers, the Trustee and the Paying and Transfer Agent. If you are purchasing any Securities as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

RATINGS

The Notes are rated B+ by Fitch Ratings and B2 by Moody's Investors Services. The rating reflects the rating agencies assessment of the likelihood of timely payment of the principal of and interest on the Notes. The ratings do not constitute recommendations to purchase, hold or sell the Notes in as much as such ratings do not comment as to market price or suitability for a particular investor. Each such rating should be evaluated independently of any other rating on the Notes, on other securities of ours, or on us. Additionally, we have been assigned a long-term corporate credit rating of B+ with a positive outlook by Fitch Ratings and B1 with a stable outlook by Moody's Investors Service. 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 agency in the future if in their judgment circumstances so warrant.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Sidley Austin as to matters of United States federal and New York law and Hong Kong law, Commerce & Finance Law Offices as to matters of PRC law, Walkers (Hong Kong) as to matters of British Virgin Islands law and Cayman Islands law.

Certain legal matters will be passed upon for the Initial Purchasers by Davis Polk & Wardwell as to matters of United States federal and New York law and Jingtian & Gongcheng as to matters of PRC law.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements as of and for the three years ended December 31, 2018, 2019 and 2020 included in this offering memorandum have been audited by Ernest & Young, certified public accountants, as stated in their reports appearing herein.

GENERAL INFORMATION

CONSENTS

We have obtained all necessary consents, approvals and authorizations in the Cayman Islands, the British Virgin Islands and Hong Kong in connection with the issue and performance of the Notes and the Subsidiary Guarantees. The entry into of the Indenture and the issue of the Notes have been authorized by a resolution of our board of directors dated May 31, 2021.

LITIGATION

Except as disclosed in this offering memorandum, there are no legal or arbitration proceedings against or affecting us, any of our subsidiaries or any of our assets, nor are we aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the Notes.

NO MATERIAL ADVERSE CHANGE

There has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of our general affairs since December 31, 2020 that is material in the context of the issue of the Notes.

DOCUMENTS AVAILABLE

For so long as any of the Notes is outstanding, copies of the Indenture may be inspected free of charge during normal business hours on any weekday (except public holidays) at the corporate trust office of the Trustee.

For so long as any of the Notes is outstanding, copies of the accountants' reports and/or our published financial statements, if any, including the accountants' report set out in the section entitled "Index to Consolidated Financial Statements" in this offering memorandum, together with the Data Privacy Notice, may be obtained during normal business hours on any weekday (except public holidays) at our principal office.

CLEARING SYSTEMS AND SETTLEMENT

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below:

	<u>ISIN</u>	<u>Common Code</u>
Notes	XS2346158822	234615882

LISTING OF THE NOTES

Application will be made to the Hong Kong Stock Exchange for the listing of the Notes by way of debt issues to Professional Investors only as described in this offering memorandum. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this offering memorandum, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering memorandum. Admission of the Notes to the official list of the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Notes or us.

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Audited financial information as of and for the year ended December 31, 2020⁽¹⁾

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Audited financial information as of and for the year ended December 31, 2019⁽¹⁾

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Note:

- (1) The attached accountants' reports on our consolidated financial information as of and for the years ended December 31, 2019 and 2020 are a reproduction of the Company's annual reports for the years ended December 31, 2019 and 2020 and page references are references to pages set forth in such annual reports.

獨立核數師報告

Independent Auditor's Report



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致正榮地產集團有限公司全體股東
(於開曼群島註冊成立的有限公司)

To the shareholders of Zhenro Properties Group Limited
(Incorporated in the Cayman Islands with limited liability)

意見

吾等已審核第134至339頁所載正榮地產集團有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表,包括於二零二零年十二月三十一日的綜合財務狀況表、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(包括重大會計政策概要)。

吾等認為,綜合財務報表根據國際會計準則理事會(「國際會計準則理事會」)頒佈的國際財務報告準則(「國際財務報告準則」)編製,足以真實及公平地顯示 貴集團於二零二零年十二月三十一日的綜合財務狀況及 貴集團截至該日止年度的綜合財務表現及綜合現金流量,並已按照香港公司條例的披露規定妥為編製。

OPINION

We have audited the consolidated financial statements of Zhenro Properties Group Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 134 to 339, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

獨立核數師報告

Independent Auditor's Report

意見基礎

吾等的審核工作按照香港會計師公會（「香港會計師公會」）頒佈的香港審計準則（「香港審計準則」）進行。吾等就該等準則承擔的責任在本報告核數師就審核綜合財務報表須承擔的責任一節中進一步闡述。根據香港會計師公會的職業會計師道德守則（「守則」），吾等獨立於貴集團，並已履行守則中的其他職業道德責任。吾等相信，吾等所取得的審核憑證就提出審核意見而言屬充分恰當。

關鍵審核事項

關鍵審核事項是根據吾等的職業判斷，對本期綜合財務報表的審核最為重要的事項。該等事項是在吾等審核整體綜合財務報表及出具意見時處理，且吾等不會對該等事項提供單獨的意見。有關吾等在審核過程中如何處理下述事項的描述乃以此為背景。

吾等已履行本報告核數師就審核綜合財務報表須承擔的責任一節所闡述的責任，包括與該等關鍵審核事項相關的責任。相應地，吾等的審核工作包括執行為應對綜合財務報表重大錯誤陳述風險的評估而設計的審核程序。吾等執行審核程序的結果，包括應對下述事項所執行的程序，為就相關綜合財務報表發表審核意見提供了基礎。

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAAs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

獨立核數師報告

Independent Auditor's Report

關鍵審核事項 (續)

關鍵審核事項

Key audit matter

投資物業之估值

Valuation of investment properties

貴集團在中國內地擁有多項按公平值計量的投資物業，該等物業於二零二零年十二月三十一日的賬面總值約為人民幣10,615,200,000元，分別佔貴集團總資產及淨資產的4.8%及28.2%。貴集團已聘請外部估值師於二零二零年十二月三十一日對該等物業進行估值。

The Group owns investment properties in Mainland China which were measured at fair value and their aggregate carrying amount was approximately RMB10,615,200,000 as at 31 December 2020, which represented 4.8% and 28.2% of the Group's total assets and net assets, respectively. The Group has engaged an external valuer to perform the valuation of these properties as at 31 December 2020.

在釐定投資物業的公平值時需要作出重大判斷，該等公平值反映報告期末的市況。採用不同的估值技術及假設可能導致公平值出現重大差異。因此，投資物業的估值被確定為關鍵審核事項。

Significant judgement is required to determine the fair values of the investment properties, which reflect market conditions as at the end of the reporting period. The use of different valuation techniques and assumptions could produce significantly different estimates of fair values. Accordingly, the valuation of investment properties is identified as a key audit matter.

KEY AUDIT MATTERS (Continued)

吾等在審核過程中如何處理關鍵審核事項

How our audit addressed the key audit matter

吾等已評估外部估值師的能力、獨立性及客觀性。吾等了解外部估值師所使用的估值方法及主要假設。

We evaluated the competency, independence and objectivity of the external valuer. We understood the valuation approach and key assumptions used by the external valuer.

此外，吾等已評估用作估值輸入數據的物業相關數據的正確性，並委聘內部估值專家協助吾等評估估值方法及相關假設。吾等按抽樣基準將相關數據與相關市場資料進行比對，以評估估值過程中使用的源數據。

Furthermore, we assessed the correctness of the property related data used as inputs for the valuation and involved our internal valuation experts to assist us in evaluating the valuation methodology and the underlying assumptions. We evaluated the source data used in the valuation by benchmarking them to relevant market information on a sample basis.

獨立核數師報告

Independent Auditor's Report

關鍵審核事項 (續)

關鍵審核事項

Key audit matter

投資物業的會計政策及披露載於綜合財務報表附註2.4、3及14。
The accounting policies and disclosures of the investment properties are included in notes 2.4, 3 and 14 to the consolidated financial statements.

土地增值稅撥備

Provision for land appreciation tax

貴集團為一家中國內地房地產開發商，專注於開發住宅物業，以及開發、運營及管理商業及綜合用途物業。中國內地的土地增值稅（「土地增值稅」）為貴集團稅項支出的主要組成部份之一。物業銷售的土地增值稅乃按照30%至60%的累進稅率對土地增值額徵收。於各報告期末，貴集團管理層會根據其對相關稅務規則及法規的理解及詮釋對土地增值稅撥備及估計物業銷售總額減可扣減開支總額（包括土地使用權租賃開支、物業開發成本、借款成本及開發支出）作出估計。在隨後確定土地增值稅時，實際付款金額可能與估計值有所不同。中國內地土地增值稅撥備對綜合財務報表而言屬重大，且釐定土地增值稅撥備涉及管理層的重大判斷及對相關稅務法律及法規以及慣例的詮釋。因此，土地增值稅撥備被確定為關鍵審核事項。

The Group is a property developer in Mainland China focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Land appreciation tax ("LAT") in Mainland China is one of the main components of the Group's taxation charge. LAT is levied on the sale of properties at progressive rates ranging from 30% to 60% based on the appreciation of land value. At the end of each reporting period, the management of the Group estimates the provision for LAT based on its understanding and interpretation of the relevant tax rules and regulations, and the estimated total sales of properties less total deductible expenditure, which includes lease charges for land use rights, property development costs, borrowing costs and development expenditure. When the LAT is subsequently determined, the actual payments may be different from the estimates. Provision for LAT in Mainland China is significant to the consolidated financial statements and the determination of the provision for LAT involves significant management's judgement and interpretation of the relevant tax laws and regulations and practices. Accordingly, provision for LAT is identified as a key audit matter.

KEY AUDIT MATTERS (Continued)

吾等在審核過程中如何處理關鍵審核事項

How our audit addressed the key audit matter

此外，吾等已評估有關投資物業估值的披露。
In addition, we evaluated the disclosures of the valuation of the investment properties.

吾等已委聘內部稅務專家協助吾等對土地增值稅狀況進行審查，包括審查貴集團使用的估計及假設，以及根據與相關稅務部門的溝通及應用知識及經驗評估稅務風險。

We involved internal tax specialists to assist us to perform a review on the LAT position, including the review of the estimates and assumptions used by the Group and the evaluation of tax exposure based on communications with the relevant tax authorities and applying our knowledge and experience.

獨立核數師報告

Independent Auditor's Report

關鍵審核事項 (續)

關鍵審核事項

Key audit matter

土地增值稅撥備的會計判斷及估計以及披露載於綜合財務報表附註3及10。

The accounting judgements and estimates and disclosures of the provision for land appreciation tax are included in notes 3 and 10 to the consolidated financial statements.

KEY AUDIT MATTERS (Continued)

吾等在審核過程中如何處理關鍵審核事項

How our audit addressed the key audit matter

吾等已重新計算稅項計算結果，並將吾等的計算結果與貴集團錄得的金額進行比較。

We recalculated the tax computation and compared our calculations with the amounts recorded by the Group.

吾等評估綜合財務報表中與土地增值稅撥備有關的披露。

We assessed the disclosures related to the provision for land appreciation tax in the consolidated financial statements.

獨立核數師報告

Independent Auditor's Report

載於年報的其他資料

貴公司董事須對其他資料承擔責任。其他資料包括載於年報的資料，不包括綜合財務報表及吾等的核數師報告。

吾等對綜合財務報表作出的意見並無涵蓋其他資料，而吾等不會對其他資料發表任何形式的核證結論。

就吾等審核綜合財務報表而言，吾等的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或吾等在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。倘若吾等基於已進行的工作認為其他資料出現重大錯誤陳述，吾等須報告有關事實。就此，吾等毋須作出報告。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據國際會計準則理事會頒佈的國際財務報告準則及香港公司條例的披露規定，編製真實而公平地反映情況的綜合財務報表，並進行董事釐定對編製綜合財務報表屬必要的有關內部監控，以使該等綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，貴公司董事須負責評估貴集團持續經營的能力，並披露與持續經營有關的事項（如適用）。除非貴公司董事擬將貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法，否則須採用以持續經營為基礎的會計法。

審核委員會協助貴公司董事履行彼等監督貴集團財務報告程序的責任。

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

獨立核數師報告

Independent Auditor's Report

核數師就審核綜合財務報表須承擔的責任

吾等的目標為合理確定綜合財務報表整體而言不會存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出載有吾等意見的核數師報告。本報告僅為全體股東編製，除此以外不可作其他用途。吾等概不就本報告的內容對任何其他人士負責或承擔任何責任。

合理確定屬高層次的核證，惟根據香港審計準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

在根據香港審計準則進行審核的過程中，吾等運用專業判斷，保持專業懷疑態度。吾等亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險、設計及執行審核程序以應對該等風險，以及獲取充足和適當的審核憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部監控，以設計適當的審核程序，惟並非旨在對貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

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 HKSAs 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 HKSAs, 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.

獨立核數師報告

Independent Auditor's Report

核數師就審核綜合財務報表須承擔的責任 (續)

- 對董事採用持續經營會計基礎的恰當性作出結論，並根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。倘吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則修訂吾等的意見。吾等的結論乃基於截至核數師報告日期止所取得的審核憑證而作出。然而，未來事項或情況可能導致 貴集團無法持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映相關交易和事項。
- 就 貴集團內實體或業務活動的財務資料獲取充足及適當的審核憑證，以便對綜合財務報表發表意見。吾等負責集團審核的方向、監督及執行。吾等就審核意見承擔全部責任。

吾等與審核委員會就 (其中包括) 審核的計劃範圍、時間安排及重大審核發現進行溝通，該等發現包括吾等在審核過程中識別的內部監控的任何重大缺失。

吾等亦向審核委員會作出聲明，指出吾等已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響吾等獨立性的所有關係及其他事宜，以及在適用的情況下，為消除威脅採取相關的保障措施。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

獨立核數師報告

Independent Auditor's Report

核數師就審核綜合財務報表須承擔的責任 (續)

從與審核委員會溝通的事項中，吾等確定對本期間綜合財務報表的審核至關重要的事項，因而構成關鍵審核事項。吾等在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在吾等報告中溝通某事項造成的負面後果超出產生的公眾利益，則吾等決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人為 SIU FUNG TERENCE HO。

執業會計師
香港
二零二一年三月二十六日

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 SIU FUNG TERENCE HO.

Certified Public Accountants
Hong Kong
26 March 2021

綜合損益表

Consolidated Statement of Profit or Loss

截至二零二零年十二月三十一日止年度
Year ended 31 December 2020

		附註 Notes	二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
收益	REVENUE	5	36,126,089	32,557,660
銷售成本	Cost of sales		(29,222,208)	(26,059,803)
毛利	Gross profit		6,903,881	6,497,857
其他收入及收益	Other income and gains	5	971,825	471,131
銷售及分銷開支	Selling and distribution expenses		(1,159,713)	(972,294)
行政開支	Administrative expenses		(1,138,328)	(1,214,481)
金融資產減值虧損淨額	Impairment losses on financial assets, net	24	(5,087)	(482)
其他開支	Other expenses		(161,450)	(98,935)
投資物業的公平值收益	Fair value gains on investment properties	14	323,960	326,507
按公平值計入損益的金融 資產盈虧淨額	Net gain or loss from financial assets at fair value through profit or loss		17,454	(14,513)
融資成本	Finance costs	7	(504,796)	(484,091)
應佔以下單位溢利及虧損：	Share of profits and losses of:			
合營企業	Joint ventures		33,887	357,503
聯營公司	Associates		545,272	163,429
除稅前溢利	PROFIT BEFORE TAX	6	5,826,905	5,031,631
所得稅開支	Income tax expense	10	(2,267,971)	(1,937,647)
年內溢利	PROFIT FOR THE YEAR		3,558,934	3,093,984
以下人士應佔：	Attributable to:			
母公司擁有人	Owners of the parent		2,650,744	2,506,405
非控股權益	Non-controlling interests		908,190	587,579
			3,558,934	3,093,984
母公司普通權益持有人 應佔每股盈利	EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
基本及攤薄	Basic and diluted	12	人民幣0.61元 RMB0.61	人民幣0.59元 RMB0.59

綜合全面收益表

Consolidated Statement of Comprehensive Income

截至二零二零年十二月三十一日止年度

Year ended 31 December 2020

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
年內溢利	PROFIT FOR THE YEAR	3,558,934	3,093,984
可於往後期間重新分類至 損益之其他全面收益：	Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
匯兌差額：	Exchange differences:		
換算海外業務產生的匯兌差額	Exchange differences on translation of foreign operations	549,623	(94,964)
可於往後期間重新分類至損益之 其他全面收益淨額	Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	549,623	(94,964)
年內其他全面收益，扣除稅項	OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	549,623	(94,964)
年內全面收益總額，扣除稅項	TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	4,108,557	2,999,020
以下人士應佔：	Attributable to:		
母公司擁有人	Owners of the parent	3,200,367	2,411,441
非控股權益	Non-controlling interests	908,190	587,579
		4,108,557	2,999,020

綜合財務狀況表

Consolidated Statement of Financial Position

二零二零年十二月三十一日

31 December 2020

		附註 Notes	二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
非流動資產	NON-CURRENT ASSETS			
物業、廠房及設備	Property, plant and equipment	13	561,410	579,770
投資物業	Investment properties	14	10,615,200	9,377,800
使用權資產	Right-of-use assets	15	345,356	390,518
其他無形資產	Other intangible assets	16	6,902	6,843
預付款項、其他應收款項及 其他資產	Prepayments, other receivables and other assets	24	—	120,120
於合營企業的投資	Investments in joint ventures	17	3,137,528	2,341,631
於聯營公司的投資	Investments in associates	18	5,675,958	3,199,926
遞延稅項資產	Deferred tax assets	19	1,803,433	1,684,744
非流動資產總值	Total non-current assets		22,145,787	17,701,352
流動資產	CURRENT ASSETS			
按公平值計入損益的金融資產	Financial assets at fair value through profit or loss	20	938,067	773,896
開發中物業	Properties under development	21	117,686,697	86,379,442
持作出售已竣工物業	Completed properties held for sale	22	7,870,910	7,626,154
貿易應收款項	Trade receivables	23	124,825	66,293
應收關聯公司款項	Due from related companies	41	7,880,825	6,696,104
預付款項、其他應收款項及 其他資產	Prepayments, other receivables and other assets	24	20,377,345	13,533,906
可收回稅項	Tax recoverable		1,388,542	1,135,255
現金及銀行結餘	Cash and bank balances	25	42,972,503	35,306,808
流動資產總值	Total current assets		199,239,714	151,517,858

綜合財務狀況表

Consolidated Statement of Financial Position

二零二零年十二月三十一日

31 December 2020

		附註 Notes	二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
流動負債	CURRENT LIABILITIES			
貿易應付款項及應付票據	Trade and bills payables	26	21,219,712	16,752,615
其他應付款項及應計費用	Other payables and accruals	27	12,351,381	10,571,875
合約負債	Contract liabilities	28	60,866,676	38,797,781
應付關聯公司款項	Due to related companies	41	13,816,828	7,386,244
計息銀行及其他借款	Interest-bearing bank and other borrowings	29	12,891,572	14,534,136
優先票據	Senior notes	30	5,186,525	3,482,134
公司債券	Corporate bonds	31	1,470,458	2,024,173
應付稅項	Tax payable	10	4,400,731	2,828,821
租賃負債	Lease liabilities	15	54,666	68,171
流動負債總額	Total current liabilities		132,258,549	96,445,950
流動資產淨值	NET CURRENT ASSETS		66,981,165	55,071,908
總資產減流動負債	TOTAL ASSETS LESS CURRENT LIABILITIES		89,126,952	72,773,260

綜合財務狀況表

Consolidated Statement of Financial Position

二零二零年十二月三十一日

31 December 2020

		附註 Notes	二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
非流動負債	NON-CURRENT LIABILITIES			
計息銀行及其他借款	Interest-bearing bank and other borrowings	29	28,869,723	21,782,986
其他應付款項及應計費用	Other payables and accruals	27	2,891,445	2,321,843
公司債券	Corporate bonds	31	3,084,546	3,481,130
優先票據	Senior notes	30	15,781,545	13,360,910
遞延稅項負債	Deferred tax liabilities	19	848,301	702,925
租賃負債	Lease liabilities	15	48,438	63,477
非流動負債總額	Total non-current liabilities		51,523,998	41,713,271
淨資產	Net assets		37,602,954	31,059,989
權益	EQUITY			
母公司擁有人應佔權益	Equity attributable to owners of the parent			
股本	Share capital	32	282	282
儲備	Reserves	33	19,575,985	16,396,245
			19,576,267	16,396,527
永續資本證券	Perpetual capital securities	34	1,418,707	1,439,510
非控股權益	Non-controlling interests		16,607,980	13,223,952
權益總額	Total equity		37,602,954	31,059,989

黃仙枝先生
董事

陳偉健先生
董事

Mr. Huang Xianzhi
Director

Mr. Chan Wai Kin
Director

綜合權益變動表

Consolidated Statement of Changes in Equity

截至二零二零年十二月三十一日止年度
Year ended 31 December 2020

		母公司擁有人應佔							非控股權益				
		Attributable to owners of the parent							Non-controlling interests				
		股本 Share capital	股份溢價 Share premium	合併儲備 Merger reserve	資本儲備 Capital reserve	法定 盈餘儲備	匯兌 波動儲備	保留溢利 Retained profits	總計 Total	永續 資本證券	其他 Others	總計 Total	權益總額 Total equity
						Statutory reserves	Exchange reserve			Perpetual securities			
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(附註32)	(附註33(a))	(附註33(b))	(附註33(c))	(附註33(d))	(附註33(e))						
		(note 32)	(note 33(a))	(note 33(b))	(note 33(c))	(note 33(d))	(note 33(e))						
於二零一九年 十二月三十一日	As at 31 December 2019	282	4,644,502*	4,527,360*	372,111*	949,060*	(160,979)*	6,064,191*	16,396,527	1,439,510	13,223,952	14,663,462	31,059,989
年內溢利	Profit for the year	—	—	—	—	—	—	2,650,744	2,650,744	135,043	773,147	908,190	3,558,934
年內其他全面收益：	Other comprehensive income												
	for the year:												
換算海外業務產生的 匯兌差額	Exchange differences on translation of foreign operations	—	—	—	—	—	549,623	—	549,623	—	—	—	549,623
年內全面收益總額	Total comprehensive income for the year	—	—	—	—	—	549,623	2,650,744	3,200,367	135,043	773,147	908,190	4,108,557
附屬公司非控股 股東出資	Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	422,712	—	—	—	422,712	—	8,164,100	8,164,100	8,586,812
收購非控股權益	Acquisition of non-controlling interests	—	—	—	(46,576)	—	—	—	(46,576)	—	(4,717,957)	(4,717,957)	(4,764,533)
收購附屬公司(附註37)	Acquisition of subsidiaries (note 37)	—	—	—	—	—	—	—	—	—	1,447,507	1,447,507	1,447,507
出售附屬公司(附註38)	Disposal of subsidiaries (note 38)	—	—	—	—	—	—	—	—	—	(1,856,049)	(1,856,049)	(1,856,049)
股息及分派	Dividends and distributions	—	(396,763)	—	—	—	—	—	(396,763)	—	—	—	(396,763)
向附屬公司非控股股東 派付股息	Dividends paid to non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	(426,720)	(426,720)	(426,720)
向永續資本證券持有人 派付股息	Dividends to the holder of perpetual capital securities	—	—	—	—	—	—	—	—	(155,846)	—	(155,846)	(155,846)
轉撥至法定盈餘儲備	Appropriations to statutory surplus reserves	—	—	—	—	312,380	—	(312,380)	—	—	—	—	—
於二零二零年 十二月三十一日	As at 31 December 2020	282	4,247,739*	4,527,360*	748,247*	1,261,440*	388,644*	8,402,555*	19,576,267	1,418,707	16,607,980	18,026,687	37,602,954

綜合權益變動表

Consolidated Statement of Changes in Equity

截至二零二零年十二月三十一日止年度

Year ended 31 December 2020

		母公司擁有人應佔							非控股權益			
		Attributable to owners of the parent							Non-controlling interests			
		股本	股份溢價	合併儲備	資本儲備	法定盈餘儲備	匯兌波動儲備	保留溢利	永續資本證券	其他	總計	權益總額
		Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserves	Exchange fluctuation reserve	Retained profits	Perpetual securities	Others	Total	Total equity
		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
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(附註32)	(附註33(a))	(附註33(b))	(附註33(c))	(附註33(d))	(附註33(e))					
		(note 32)	(note 33(a))	(note 33(b))	(note 33(c))	(note 33(d))	(note 33(e))					
於二零一九年一月一日	At 1 January 2019	265	3,588,067	4,527,360	444,783	561,266	(66,015)	4,473,242	13,528,968	3,008,224	7,941,809	24,479,001
年內溢利	Profit for the year	—	—	—	—	—	—	2,506,405	2,506,405	267,622	319,957	3,093,984
年內其他全面收益：	Other comprehensive income for the year:											
換算海外業務產生的匯兌差額	Exchange differences on translation of foreign operations	—	—	—	—	—	(94,964)	—	(94,964)	—	—	(94,964)
年內全面收益總額	Total comprehensive income for the year	—	—	—	—	—	(94,964)	2,506,405	2,411,441	267,622	319,957	2,999,020
發行新股	Issuance of new shares	17	1,056,435	—	—	—	—	—	1,056,452	—	—	1,056,452
附屬公司非控股股東出資	Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	(22,917)	—	—	—	(22,917)	—	5,015,687	4,992,770
收購非控股權益	Acquisition of non-controlling interests	—	—	—	(49,755)	—	—	—	(49,755)	—	(123,525)	(173,280)
收購附屬公司	Acquisition of subsidiaries	—	—	—	—	—	—	—	—	70,024	70,024	70,024
股息及分派	Dividends and distributions	—	—	—	—	—	—	(527,662)	(527,662)	—	—	(527,662)
向永續資本證券持有人派付股息	Dividends to the holder of perpetual capital securities	—	—	—	—	—	—	—	(225,000)	—	(225,000)	(225,000)
發行永續資本證券	Issue of perpetual capital securities	—	—	—	—	—	—	—	1,363,107	—	1,363,107	1,363,107
贖回永續資本證券	Redemption of perpetual capital securities	—	—	—	—	—	—	—	(2,974,443)	—	(2,974,443)	(2,974,443)
轉撥至法定盈餘儲備	Appropriations to statutory surplus reserves	—	—	—	—	387,794	—	(387,794)	—	—	—	—
於二零一九年十二月三十一日	As at 31 December 2019	282	4,644,502*	4,527,360*	372,111*	949,060*	(160,979)*	6,064,191*	16,396,527	1,439,510	13,223,952	31,059,989

* 該等儲備賬目包括綜合財務狀況表內的綜合儲備人民幣19,575,985,000元（二零一九年：人民幣16,396,245,000元）。

* These reserve accounts comprise the consolidated reserves of RMB19,575,985,000 (2019: RMB16,396,245,000) in the consolidated statement of financial position.

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零二零年十二月三十一日止年度

Year ended 31 December 2020

		附註 Notes	二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
經營活動現金流量	CASH FLOWS FROM OPERATING ACTIVITIES			
除稅前溢利	Profit before tax		5,826,905	5,031,631
調整：	Adjustments for:			
物業、廠房及設備項目折舊	Depreciation of items of property, plant and equipment	6,13	57,309	57,679
使用權資產折舊	Depreciation of right-of-use assets	6,15	47,865	44,224
攤銷其他無形資產	Amortisation of other intangible assets	6,16	3,023	4,906
出售物業、廠房及設備項目的 收益淨額	Gain on disposal of items of property, plant and equipment, net	6	(2,754)	(785)
折價收購收益	Gain on bargain purchase	5	(21,751)	—
出售附屬公司的收益	Gain on disposal of subsidiaries	5,38	(100,077)	(54,961)
應佔以下單位溢利及虧損：	Share of profits and losses of:			
合營企業	Joint ventures		(33,887)	(357,503)
聯營公司	Associates		(545,272)	(163,429)
公平值(收益)/虧損淨額：	Fair value (gain)/loss, net:			
按公平值計入損益的金融資產	Financial assets at fair value through profit or loss		(17,454)	14,513
投資物業公平值變動	Changes in fair value of investment properties	14	(323,960)	(326,507)
計入預付款項、其他應收款項及 其他資產的金融資產減值撥備	Impairment provision for financial assets included in prepayments, other receivables and other assets	6,24	5,087	482
開發中物業確認的減值虧損	Impairment losses recognised for properties under development	6,21	118,646	66,456
持作出售已竣工物業的減值虧損撥銷	Impairment losses written off for completed properties held for sale	6,22	(30,108)	(227,701)
融資成本	Finance costs	7	504,796	484,091
利息收入	Interest income	5	(578,680)	(373,261)
			4,909,688	4,199,835

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零二零年十二月三十一日止年度

Year ended 31 December 2020

		附註 Notes	二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
開發中物業及持作出售已竣工 物業增加	Increase in properties under development and completed properties held for sale		(20,568,037)	(23,177,513)
預付土地租賃款項減少	Decrease in prepaid land lease payments		—	967,858
受限制現金增加	Increase in restricted cash		(977,787)	(270,996)
已抵押存款減少／(增加)	Decrease/(increase) in pledged deposits		1,256,613	(696,992)
貿易應收款項增加	Increase in trade receivables		(58,532)	(32,142)
預付款項、其他應收款項及 其他資產(增加)／減少	(Increase)/decrease in prepayments, other receivables and other assets		(6,705,467)	1,157,479
應收關聯公司款項減少／(增加)	Decrease/(increase) in amounts due from related companies		92,156	(131,139)
貿易應付款項及應付票據增加	Increase in trade and bills payables		4,772,602	8,984,210
其他應付款項及應計費用增加	Increase in other payables and accruals		9,909,220	5,999,922
合約負債增加／(減少)	Increase/(decrease) in contract liabilities		10,215,293	(5,758,586)
應付關聯公司款項增加／(減少)	Increase/(decrease) in amounts due to related companies		11,405	(23,039)
經營所得／(所用) 現金	Cash generated from/(used in) operations		2,857,154	(8,781,103)
已收利息	Interest received	5	578,680	373,261
已付利息	Interest paid		(4,749,170)	(3,969,598)
已付稅項	Tax paid		(1,704,205)	(1,686,200)
經營活動所用現金流量淨額	Net cash flows used in operating activities		(3,017,541)	(14,063,640)

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零二零年十二月三十一日止年度

Year ended 31 December 2020

	附註 Notes	二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
投資活動現金流量	CASH FLOWS FROM INVESTING ACTIVITIES		
購買物業、廠房及設備項目	Purchases of items of property, plant and equipment	(34,066)	(36,785)
購買其他無形資產	Purchase of other intangible assets	(1,148)	(1,829)
添置投資物業	Additions in investment properties	(668,875)	(539,848)
收購附屬公司	Acquisition of subsidiaries	2,243,927	58,882
收購按公平值計入損益的金融資產	Acquisition of financial assets at fair value through profit or loss	(160,285)	(805,670)
出售附屬公司	Disposal of subsidiaries	(188,168)	(509,395)
出售按公平值計入損益的金融資產	Disposal of financial assets at fair value through profit or loss	36,209	888,067
於合營企業的投資	Investments in joint ventures	(732,569)	(50,175)
於聯營公司的投資	Investments in associates	(2,336,298)	(1,217,099)
出售物業、廠房及設備項目	Disposal of items of property, plant and equipment	2,397	3,035
投資活動所用現金流量淨額	Net cash flows used in investing activities	(1,838,876)	(2,210,817)

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零二零年十二月三十一日止年度

Year ended 31 December 2020

	附註 Notes	二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
融資活動現金流量			
CASH FLOWS FROM FINANCING ACTIVITIES			
附屬公司非控股股東出資			
Capital contribution from non-controlling shareholders of subsidiaries		8,586,812	4,992,770
向附屬公司非控股股東派付股息			
Dividends paid to non-controlling shareholders of subsidiaries		(426,720)	—
向本公司權益持有人派付股息			
Dividends paid to the equity holders of the Company		(396,763)	(527,662)
向永續資本證券持有人派付股息			
Dividends paid to the holder of perpetual capital securities		(155,846)	(225,000)
收購附屬公司非控股權益			
Acquisition of non-controlling interests in subsidiaries		(4,764,533)	(173,280)
關聯公司墊款	41	4,064,030	6,842,880
償還關聯公司墊款			
Repayment of advances from related companies	41	(3,784,382)	(2,677,350)
償還給予關聯公司的墊款			
Repayment of advances to related companies	41	16,578,064	39,454,873
給予關聯公司的墊款	41	(18,095,475)	(36,427,890)
已抵押存款增加		(64,981)	(140,653)
計息銀行及其他借款所得款項			
Proceeds from interest-bearing bank and other borrowings		31,016,670	15,354,229
償還計息銀行及其他借款			
Repayment of interest-bearing bank and other borrowings		(22,386,398)	(17,022,516)
發行新股所得款項		—	1,066,775
股份發行開支		—	(10,323)
發行公司債券所得款項		1,985,807	3,433,425
償還公司債券		(2,950,000)	(1,115,788)
發行優先票據所得款項		9,627,987	13,313,073
償還優先票據		(5,823,355)	(2,523,996)
發行資產支持證券所得款項			
Proceeds from issue of asset-backed securities		3,313,900	—
償還資產支持證券		(3,567,893)	—
向資產支持證券派付股息		(295,335)	—
發行永續資本證券所得款項			
Proceeds from issue of perpetual capital securities	34	—	1,363,107
贖回永續資本證券	34	—	(2,974,443)
租賃款項的本金部份	15	(31,247)	(29,101)
融資活動所得現金流量淨額		12,430,342	21,973,130
Net cash flows from financing activities			

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零二零年十二月三十一日止年度

Year ended 31 December 2020

		附註 Notes	二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
現金及現金等價物增加淨額	NET INCREASE IN CASH AND CASH EQUIVALENTS		7,573,925	5,698,673
年初現金及現金等價物	Cash and cash equivalents at beginning of year		28,368,571	22,538,953
現金及現金等價物匯兌虧損	Exchange loss on cash and cash equivalents		(464,554)	130,945
年末現金及現金等價物	CASH AND CASH EQUIVALENTS AT END OF YEAR		35,477,942	28,368,571
現金及現金等價物結餘分析	ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
現金及銀行結餘	Cash and bank balances	25	42,972,503	35,306,808
減：受限制現金	Less: Restricted cash	25	6,884,988	5,137,032
已抵押存款	Pledged deposits	25	609,573	1,801,205
現金流量表所列現金及現金等價物	Cash and cash equivalents as stated in the statement of cash flows		35,477,942	28,368,571

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料

本公司於二零一四年七月二十一日在開曼群島註冊成立為獲豁免有限公司。本公司股份於二零一八年一月十六日在香港聯合交易所有限公司（「聯交所」）主板上市。本公司的註冊辦事處位於 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands。

於年內，本集團主要從事物業開發、物業租賃及商業物業管理。

董事認為，本公司的控股公司及最終控股公司為RoYue Limited，該公司於英屬處女群島註冊成立。

有關附屬公司的資料

本公司主要附屬公司的詳情載列如下：

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 July 2014. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 January 2018. The registered office of the Company is located at 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

During the year, the Group was principally involved in property development, property leasing and commercial property management.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is RoYue Limited, which is incorporated in the British Virgin Islands.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are set out below:

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
直接持有： Directly held:				
Zhenro International Limited	英屬處女群島	50,000 美元	100%	投資控股
Zhenro International Limited	British Virgin Islands	US\$50,000		Investment holding
Blooming Force Limited	英屬處女群島	50,000 美元	100%	投資控股
Blooming Force Limited	British Virgin Islands	US\$50,000		Investment holding

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二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有： Indirectly held:				
Zhenro Hong Kong Limited	香港	10,000港元	100%	投資控股
Zhenro Hong Kong Limited	Hong Kong	HK\$10,000		Investment holding
Sheen Billion Investment Limited	香港	10,000港元	100%	投資控股
Sheen Billion Investment Limited	Hong Kong	HK\$10,000		Investment holding
True Dragon (Singapore) Pte. Ltd.	新加坡	5,000,000新加坡元	100%	投資控股
True Dragon (Singapore) Pte. Ltd.	Singapore	SGD5,000,000		Investment holding
福州匯衡貿易有限公司	中華人民共和國	人民幣10,000,000元	100%	投資控股
Fuzhou Huiheng Trading Co., Ltd.	(「中國」)／中國內地 People's Republic of China ("PRC")/ Mainland China	RMB10,000,000		Investment holding
福州豐澤威實業有限公司	中國／中國內地	人民幣1,000,000,000元	100%	投資控股
Fuzhou Fengzewei Industrial Co., Ltd.	PRC/Mainland China	RMB1,000,000,000		Investment holding
福州華策企業管理有限公司	中國／中國內地	人民幣200,000,000元	100%	投資控股
Fuzhou Huace Enterprise Management Co., Ltd.	PRC/Mainland China	RMB200,000,000		Investment holding
福州駿泰商業管理有限公司	中國／中國內地	人民幣800,000,000元	100%	投資控股
Fuzhou Juntai Commercial Management Co., Ltd.	PRC/Mainland China	RMB800,000,000		Investment holding

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二零二零年十二月三十一日

31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正榮地產控股股份有限公司 Zhenro Property Holdings Company Limited	中國／中國內地 PRC/Mainland China	人民幣8,200,000,000元 RMB8,200,000,000	100%	投資控股 Investment holding
正榮御品(上海)置業發展有限公司 Zhenro Yupin (Shanghai) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發及 物業租賃 Property development and property leasing
正榮御園(上海)置業發展有限公司 Zhenro Yuyuan (Shanghai) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
正榮御天(上海)置業發展有限公司 Zhenro Yutian (Shanghai) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發及 物業租賃 Property development and property leasing
正榮御楓(上海)置業發展有限公司 Zhenro Yufeng (Shanghai) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣325,500,000元 RMB325,500,000	100%	物業開發 Property development

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二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正榮御尊(上海)置業發展有限公司 Zhenro Yuzun (Shanghai) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正榮商業管理有限公司 Zhenro Commerce Management Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	商業物業管理 Commercial property management
正榮(莆田)投資發展有限公司 Zhenro (Putian) Investment Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
武漢正榮正泰置業有限公司 Wuhan Zhenro Zhengtai Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
南昌正榮正創置業有限公司 Nanchang Zhenro Zhengchuang Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
南昌正榮正興置業有限公司 Nanchang Zhenro Zhengxing Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
長沙正榮商業管理有限公司 Changsha Zhenro Commerce Management Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣1,000,000元 RMB1,000,000	100%	商業物業管理 Commercial property management

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二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正榮(莆田)置業發展有限公司 Zhenro (Putian) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣310,000,000元 RMB310,000,000	100%	物業開發及物業租賃 Property development and property leasing
正榮(莆田)房地產開發有限公司 Zhenro (Putian) Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣30,000,000元 RMB30,000,000	100%	物業開發 Property development
正榮財富(福建)置業有限公司 Zhenro Fortune (Fujian) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發及物業租賃 Property development and property leasing
正榮(莆田)商業管理有限公司 Zhenro (Putian) Commerce Management Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣10,000,000元 RMB10,000,000	100%	物業管理 Property management
正榮(長沙)置業有限公司 Zhenro (Changsha) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣60,000,000元 RMB60,000,000	100%	物業開發及物業租賃 Property development and property leasing
南昌正榮(新加坡)置業有限公司 (「南昌置業」) Nanchang Zhenro (Singapore) Real Estate Co., Ltd. ("Nanchang Real Estate")	中國／中國內地 PRC/Mainland China	人民幣105,000,000元 RMB105,000,000	100%	物業開發及物業租賃 Property development and property leasing

財務報表附註

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二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
南昌世歐房地產開發有限公司* Nanchang Shiou Properties Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣99,039,200元 RMB99,039,200	98.99%	物業開發 Property development
正榮山田正泰(平潭)置業發展 有限公司* Zhenro Shantian Zhengtai (Pingtan) Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	51%	物業開發 Property development
西安景恒商業物業管理有限公司 Xi'an Jingheng Commercial Property Management Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣500,000元 RMB500,000	100%	商業物業管理 Commercial property management
西安景齊房地產開發有限公司 Xi'an Jingqi Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣5,000,000元 RMB5,000,000	100%	物業開發 Property development
福州正榮商業管理有限公司 Fuzhou Zhenro Commerce Management Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣1,000,000元 RMB1,000,000	100%	商業物業管理 Commercial property management
正榮玉湖(莆田)開發有限公司 Zhenro Yuhu (Putian) Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣80,000,000元 RMB80,000,000	100%	物業開發 Property development
正榮正宏(莆田)置業發展有限公司 Zhenro Zhenghong (Putian) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣80,000,000元 RMB80,000,000	100%	物業開發 Property development

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二零二零年十二月三十一日

31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
湖南秀山麗水置業有限公司 Hunan Xiushan Lishui Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣8,000,000元 RMB8,000,000	100%	物業開發 Property development
蘇州正瑞置業發展有限公司 Suzhou Zhengrui Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
南昌正榮紅谷投資發展有限公司 Nanchang Zhenro Honggu Investment Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
南昌正榮新建投資發展有限公司 Nanchang Zhenro Xinjian Investment Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
合肥永拓置業發展有限公司** Hefei Yongtuo Real Estate Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣400,000,000元 RMB400,000,000	25%	物業開發 Property development
合肥正裕置業發展有限公司 Hefei Zhengyu Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣125,000,000元 RMB125,000,000	100%	物業開發 Property development
正潤(莆田)置業發展有限公司 Zhengrun (Putian) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣80,000,000元 RMB80,000,000	100%	物業開發 Property development

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二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正升(平潭)置業發展有限公司* Zhengsheng (Pingtan) Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	75%	物業開發 Property development
西安景恒房地產開發有限公司 Xi'an Jingheng Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發及物業租賃 Property development and property leasing
正榮(閩侯)置業發展有限公司 Zhenro (Minhou) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正榮(馬尾)置業發展有限公司 Zhenro (Mawei) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣80,000,000元 RMB80,000,000	100%	物業開發及物業租賃 Property development and property leasing
正榮(福州)置業發展有限公司 Zhenro (Fuzhou) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正榮(閩侯)投資發展有限公司 Zhenro (Minhou) Investment Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發及物業租賃 Property development and property leasing
正榮山田(平潭)置業發展有限公司 Zhenro Shantian (Pingtan) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development

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二零二零年十二月三十一日

31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
南京正榮江濱投資發展有限公司 Nanjing Zhenro Jiangbin Investment Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
南京正榮房地產開發有限公司 Nanjing Zhenro Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
南京正榮置業發展有限公司 Nanjing Zhenro Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣110,000,000元 RMB110,000,000	100%	物業開發 Property development
正榮(天津)置業發展有限公司 Zhenro (Tianjin) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
正榮山田(平潭)投資發展有限公司 Zhenro Shantian (Pingtan) Investment Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正榮蘇南(蘇州)置業發展有限公司 Zhenro Sunan (Suzhou) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣159,462,900元 RMB159,462,900	100%	物業開發 Property development
正榮集團蘇南(蘇州)投資有限公司* Zhenro Group Sunan (Suzhou) Investment Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	52%	物業開發 Property development

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二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
江西省正榮房地產開發有限公司 Jiangxi Zhenro Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣1,000,000,000元 RMB1,000,000,000	100%	物業開發 Property development
天津正榮正宏置業發展有限公司 Tianjin Zhenro Zhenghong Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正榮正興(天津)置業發展有限公司 Zhenro Zhengxing (Tianjin) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發及物業租賃 Property development and property leasing
正榮蘇南(蘇州)房地產有限公司* Zhenro Sunan (Suzhou) Property Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣750,000,000元 RMB750,000,000	100%	物業開發 Property development
南京正榮德信房地產開發有限公司 Nanjing Zhenro Dexin Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣1,430,306,200元 RMB1,430,306,200	100%	物業開發及物業租賃 Property development and property leasing
福州市馬尾區正榮房地產開發有限公司 Fuzhou Mawei District Zhenro Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣60,000,000元 RMB60,000,000	100%	物業開發 Property development
正榮(福州)投資發展有限公司 Zhenro (Fuzhou) Investment Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development

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Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
閩侯正榮正升置業發展有限公司 Minhou Zhenro Zhengsheng Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正榮蘇通(蘇州)房地產開發有限公司 Zhenro Sutong (Suzhou) Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
滁州正宏置業發展有限公司** Chuzhou Zhenghong Real Estate Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣125,000,000元 RMB125,000,000	40%	物業開發 Property development
石獅市正升置業發展有限公司 Shishi Zhengsheng Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正茂(平潭)置業發展有限公司* Zhengmao (Pingtan) Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	75%	物業開發 Property development
正泰(福州)置業發展有限公司 Zhengtai (Fuzhou) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正升(福州)置業發展有限公司 Zhengsheng (Fuzhou) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正豐(莆田)置業發展有限公司 Zhengfeng (Putian) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣80,000,000元 RMB80,000,000	100%	物業開發 Property development
贛州市正碧置業發展有限公司 Ganzhou Zhengbi Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣10,000,000元 RMB10,000,000	100%	物業開發 Property development
福建力沃置業有限公司* Fujian Liwo Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣80,000,000元 RMB80,000,000	70%	物業開發 Property development
正鼎(福清)置業發展有限公司* Zhengding (Fuqing) Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣1,000,000,000元 RMB1,000,000,000	100%	物業開發 Property development
正瑞(福清)置業發展有限公司* Zhengrui (Fuqing) Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣1,000,000,000元 RMB1,000,000,000	100%	物業開發 Property development
正欣(平潭)置業發展有限公司 Zhengxin (Pingtan) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
嘉興卓驢房地產開發有限公司** Jiaxing Zhuosu Property Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	50%	物業開發 Property development

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二零二零年十二月三十一日

31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
嘉興榮昱置業有限公司*	中國／中國內地	人民幣50,000,000元	51%	物業開發
Jiaxing Rongyu Real Estate Co., Ltd.*	PRC/Mainland China	RMB50,000,000		Property development
長沙正澤置業有限公司*	中國／中國內地	人民幣800,000,000元	100%	物業開發
Changsha Zhengze Real Estate Co., Ltd.*	PRC/Mainland China	RMB800,000,000		Property development
鄭州新榮桂置業有限公司*	中國／中國內地	人民幣3,000,000,000元	97.9%	物業開發
Zhengzhou Xinronggui Real Estate Co., Ltd.*	PRC/Mainland China	RMB3,000,000,000		Property development
吉安市碧榮房地產開發有限公司**	中國／中國內地	人民幣200,000,000元	50%	物業開發
Ji'an Birong Property Development Co., Ltd.**	PRC/Mainland China	RMB200,000,000		Property development
吉安市園榮房地產開發有限公司**	中國／中國內地	人民幣200,000,000元	50%	物業開發
Ji'an Yuanrong Property Development Co., Ltd.**	PRC/Mainland China	RMB200,000,000		Property development
長沙正榮正泰置業發展有限公司**	中國／中國內地	人民幣100,000,000元	100%	物業開發
Changsha Zhenro Zhengtai Real Estate Development Co., Ltd.**	PRC/Mainland China	RMB100,000,000		Property development
南京糧榮信房地產開發有限公司**	中國／中國內地	人民幣560,000,000元	36.67%	物業開發
Nanjing Liangrongxin Property Development Co., Ltd.**	PRC/Mainland China	RMB560,000,000		Property development
六安正裕房地產開發有限公司**	中國／中國內地	人民幣150,000,000元	35%	物業開發
Lu'an Zhengyu Property Development Co., Ltd.**	PRC/Mainland China	RMB150,000,000		Property development

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二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續)				
Indirectly held: (Continued)				
襄陽市長房正創置業有限公司 Xiangyang Changfang Zhengchuang Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
成都春華田園農業發展有限公司* Chengdu Chunhua Tianyuan Agriculture Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣10,000,000元 RMB10,000,000	65%	物業開發 Property development
漳州市正裕置業有限公司* Zhangzhou Zhengyu Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣1,600,000,000元 RMB1,600,000,000	51%	物業開發 Property development
嘉興榮坤置業有限公司** Jiaxing Rongkun Real Estate Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	37%	物業開發 Property development
宜春金投置地有限公司** Yichun Jintou Real Estate Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	35%	物業開發 Property development
廣州福茂房地產開發有限公司** Guangzhou Fumao Property Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣500,000,000元 RMB500,000,000	17.34%	物業開發 Property development

財務報表附註

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二零二零年十二月三十一日

31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
西安正頤置業有限公司*	中國／中國內地	人民幣10,660,000元	93.79%	物業開發
Xi'an Zhengyi Real Estate Co., Ltd.*	PRC/Mainland China	RMB10,660,000		Property development
南京正紫置業發展有限公司	中國／中國內地	人民幣50,000,000元	100%	物業開發
Nanjing Zhengzi Real Estate Development Co., Ltd.	PRC/Mainland China	RMB50,000,000		Property development
合肥榮豐房地產開發有限公司	中國／中國內地	人民幣100,000,000元	100%	物業開發
Hefei Rongfeng Property Development Co., Ltd.	PRC/Mainland China	RMB100,000,000		Property development
合肥榮瑞房地產開發有限公司	中國／中國內地	人民幣100,000,000元	100%	物業開發
Hefei Rongrui Property Development Co., Ltd.	PRC/Mainland China	RMB100,000,000		Property development
合肥榮森房地產開發有限公司	中國／中國內地	人民幣100,000,000元	100%	物業開發
Hefei Rongsen Property Development Co., Ltd.	PRC/Mainland China	RMB100,000,000		Property development
合肥榮金房地產開發有限公司*	中國／中國內地	人民幣100,000,000元	62.76%	物業開發
Hefei Rongjin Property Development Co., Ltd.*	PRC/Mainland China	RMB100,000,000		Property development
襄陽正耀房地產開發有限公司	中國／中國內地	人民幣50,000,000元	100%	物業開發
Xiangyang Zhengyao Property Development Co., Ltd.	PRC/Mainland China	RMB50,000,000		Property development
正惠程成都置業有限公司	中國／中國內地	人民幣30,000,000元	100%	物業開發
Zhenghuicheng Chengdu Real Estate Co., Ltd.	PRC/Mainland China	RMB30,000,000		Property development
重慶正珏置業發展有限公司	中國／中國內地	人民幣30,000,000元	100%	物業開發
Chongqing Zhengjue Real Estate Co., Ltd.	PRC/Mainland China	RMB30,000,000		Property development

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
西安正弘豐置業有限公司*	中國／中國內地	人民幣10,363,000元	96.5%	物業開發
Xi'an Zhenghongfeng Real Estate Co., Ltd.*	PRC/Mainland China	RMB10,363,000		Property development
正榮榮奕(天津)置業發展有限公司	中國／中國內地	人民幣50,000,000元	100%	物業開發
Zhenro Rongyi (Tianjin) Real Estate Co., Ltd.	PRC/Mainland China	RMB50,000,000		Property development
榮升(福州)置業發展有限公司*	中國／中國內地	人民幣1,930,000,000元	80%	物業開發
Rongsheng (Fuzhou) Real Estate Co., Ltd.*	PRC/Mainland China	RMB1,930,000,000		Property development
榮裕(莆田)置業有限公司	中國／中國內地	人民幣50,000,000元	100%	物業開發
Rongyu (Putian) Real Estate Co., Ltd.	PRC/Mainland China	RMB50,000,000		Property development
蘇州領瑞置業有限公司**	中國／中國內地	人民幣50,000,000元	50%	物業開發
Suzhou Lingrui Real Estate Co., Ltd.**	PRC/Mainland China	RMB50,000,000		Property development
蘇州程瑞置業有限公司**	中國／中國內地	人民幣50,000,000元	50%	物業開發
Suzhou Chengrui Real Estate Co., Ltd.**	PRC/Mainland China	RMB50,000,000		Property development

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日

31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
常熟弘潤房地產開發有限公司** Changshu Hongrun Property Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣500,000,000元 RMB500,000,000	37.87%	物業開發 Property development
蘇州正譽房地產開發有限公司* Suzhou Zhengyu Property Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣1,009,520,000元 RMB1,009,520,000	70.6%	物業開發 Property development
南京正江置業發展有限公司* Nanjing Zhengjiang Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣600,000,000元 RMB600,000,000	51%	物業開發 Property development
南京卓發置業有限公司** Nanjing Zhuofa Real Estate Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣300,000,000元 RMB300,000,000	49%	物業開發 Property development
武漢正舟置業發展有限公司 Wuhan Zhengzhou Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
榮瑞(福州)投資發展有限公司* Rongrui (Fuzhou) Investment Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣2,800,000,000元 RMB2,800,000,000	80%	物業開發 Property development
南昌碧榮房地產開發有限公司** Nanchang (Birong) Property Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	25.5%	物業開發 Property development
宜春正創置業有限公司 Yichun Zhengchuang Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
榮宏(莆田)置業發展有限公司 Ronghong (Putian) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development

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二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
滁州弘正房地產開發有限公司*	中國／中國內地	人民幣50,000,000元	50.1%	物業開發
Chuzhou Hongzheng Real Estate Co., Ltd.*	PRC/Mainland China	RMB50,000,000		Property development
正隆(佛山)置業發展有限公司*	中國／中國內地	人民幣305,145,000元	51%	物業開發
Zhenglong (Foshan) Real Estate Co., Ltd.*	PRC/Mainland China	RMB305,145,000		Property development
合肥正華置地發展有限公司*	中國／中國內地	人民幣196,000,000元	98.21%	物業開發
Hefei Zhenghua Real Estate Development Co., Ltd.*	PRC/Mainland China	RMB196,000,000		Property development
徐州正銘置業發展有限公司	中國／中國內地	人民幣38,460,000元	100%	物業開發
Xuzhou Zhengming Real Estate Development Co., Ltd.	PRC/Mainland China	RMB38,460,000		Property development
南京正得置業發展有限公司	中國／中國內地	人民幣196,078,000元	100%	物業開發
Nanjing Zhengde Real Estate Development Co., Ltd.	PRC/Mainland China	RMB196,078,000		Property development
濟南榮璽置業有限公司	中國／中國內地	人民幣100,000,000元	100%	物業開發
Jinan Rongxi Real Estate Co., Ltd.	PRC/Mainland China	RMB100,000,000		Property development

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二零二零年十二月三十一日

31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
廈門市榮策置業有限公司 Xiamen Rongzhu Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣246,940,000元 RMB246,940,000	100%	物業開發 Property development
榮基(天津)置業發展有限公司 Rongji (Tianjin) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
南昌正鼎置業有限公司* Nanchang Zhengding Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣20,319,000元 RMB20,319,000	98.22%	物業開發 Property development
徐州正駿置業發展有限公司* Xuzhou Zhengjun Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣602,050,000元 RMB602,050,000	75.36%	物業開發 Property development
西安正傑房地產開發有限公司* Xi'an Zhengjie Property Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣1,036.27元 RMB1,036.27	96.5%	物業開發 Property development
武漢正楚置業發展有限公司 Wuhan Zhengchu Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
成都榮恒韻置業有限公司 Chengdu Ronghengyun Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣30,000,000元 RMB30,000,000	100%	物業開發 Property development
重慶正弘朗源置業發展有限公司* Chongqing Zhenghong Langyuan Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣175,000,000元 RMB175,000,000	51%	物業開發 Property development
泉州榮晉置業有限公司** Quanzhou Rongjin Real Estate Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣150,000,000元 RMB150,000,000	34%	物業開發 Property development

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
泉州榮匯置業有限公司*	中國／中國內地	人民幣100,000,000元	51%	物業開發
Quanzhou Ronghui Real Estate Co., Ltd.*	PRC/Mainland China	RMB100,000,000		Property development
蘇州美正房地產發展有限公司*	中國／中國內地	人民幣200,000,000元	51%	物業開發
Suzhou Meizheng Property Development Co., Ltd.*	PRC/Mainland China	RMB200,000,000		Property development
榮璟(鄭州)置業發展有限公司*	中國／中國內地	人民幣100,000,000元	51%	物業開發
Rongjing (Zhengzhou) Real Estate Development Co., Ltd.*	PRC/Mainland China	RMB100,000,000		Property development
廈門市正梁置業有限公司	中國／中國內地	人民幣300,000,000元	100%	物業開發
Xiamen Zhengliang Real Estate Co., Ltd.	PRC/Mainland China	RMB300,000,000		Property development
南昌築正房地產開發有限公司**	中國／中國內地	人民幣330,000,000元	31.6%	物業開發
Nanchang Zhuzheng Real Estate Development Co., Ltd.**	PRC/Mainland China	RMB330,000,000		Property development
蘇州正冠房地產開發有限公司*	中國／中國內地	人民幣500,000,000元	51%	物業開發
Suzhou Zhengguan Property Development Co., Ltd.*	PRC/Mainland China	RMB500,000,000		Property development

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二零二零年十二月三十一日

31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
蘇州正諾房地產開發有限公司** Suzhou Zhengnuo Property Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣37,766.5元 RMB37,766.5	50%	物業開發 Property development
無錫正嘉房地產開發有限公司* Wuxi Zhengjia Property Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣1,080,000,000元 RMB1,080,000,000	51%	物業開發 Property development
宿遷正項置業發展有限公司 Suqian Zhengxiang Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣1,850,000,000元 RMB1,850,000,000	100%	物業開發 Property development
鄭州榮熙置業發展有限公司* Zhengzhou Rongxi Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	51%	物業開發 Property development
鄭州榮瑞置業發展有限公司* Zhengzhou Rongrui Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	51%	物業開發 Property development
南昌正澤置業有限公司* Nanchang Zhengze Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	98.99%	物業開發 Property development
南昌榮銘房地產開發有限公司** Nanchang Rongming Property Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣29,411.76元 RMB29,411.76	34%	物業開發 Property development
南昌榮麟置業有限公司* Nanchang Ronglin Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	50.49%	物業開發 Property development
正誠(莆田)置業有限公司 Zhengcheng (Putian) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development

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二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正哲(莆田)置業有限公司 Zhengzhe (Putian) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
鄭州雋正房地產開發有限公司* Zhengzhou Junzheng Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣120,000,000元 RMB120,000,000	50.1%	物業開發 Property development
阜陽榮薈置業發展有限公司 Fuyang Ronghui Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
蘇州新正美置業有限公司** Suzhou Xinzhengmei Real Estate Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣350,000,000元 RMB350,000,000	34%	物業開發 Property development
合肥興裕房地產開發有限公司* Hefei Xingyu Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣200,000,000元 RMB200,000,000	54.44%	物業開發 Property development
南京正康置業發展有限公司 Nanjing Zhengkang Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣2,500,000,000元 RMB2,500,000,000	100%	物業開發 Property development

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二零二零年十二月三十一日

31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
南京正通置業發展有限公司 Nanjing Zhengtong Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣1,380,000,000元 RMB1,380,000,000	100%	物業開發 Property development
正嘉(莆田)置業有限公司 Zhengjia (Putian) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
上海正曙置業發展有限公司 Shanghai Zhengshu Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
南京正業置業發展有限公司** Nanjing Zhengye Real Estate Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣2,460,000,000元 RMB2,460,000,000	49.98%	物業開發 Property development
武漢正本置業發展有限公司 Wuhan Zhengben Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣5,000,000元 RMB5,000,000	100%	物業開發 Property development
長沙正榮正茂置業有限公司 Changsha Zhenro Zhengmao Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣10,000,000元 RMB10,000,000	100%	物業開發 Property development
南京善盛房地產開發有限公司** Nanjing Shansheng Property Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣900,000,000元 RMB900,000,000	20.5%	物業開發 Property development
泉州正耀置業有限公司 Quanzhou Zhengyao Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
泉州寶榮置業有限公司** Quanzhou Baorong Real Estate Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣265,000,000元 RMB265,000,000	46.5%	物業開發 Property development

財務報表附註

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二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續)				
Indirectly held: (Continued)				
榮巨(福州)投資發展有限公司*	中國／中國內地	人民幣470,000,000元	70%	物業開發
Rongju (Fuzhou) Investment Development Co., Ltd.*	PRC/Mainland China	RMB470,000,000		Property development
西咸新區榮元昇置業發展有限公司	中國／中國內地	人民幣10,000,000元	100%	物業開發
Xixian New District Rongyuansheng Real Estate Development Co., Ltd.	PRC/Mainland China	RMB10,000,000		Property development
南昌建美房地產有限公司**/**	中國／中國內地	人民幣10,000,000元	39%	物業開發
Nanchang Jianmei Property Co., Ltd.**/**	PRC/Mainland China	RMB10,000,000		Property development
南昌正潤置業有限公司**/**	中國／中國內地	人民幣40,000,000元	48%	物業開發
Nanchang Zhengrun Real Estate Co., Ltd.**/**	PRC/Mainland China	RMB40,000,000		Property development
張家港保稅區耀輝房地產開發 有限公司**/**	中國／中國內地	人民幣65,000,000元	26%	物業開發
Zhangjiagang Free Trade Yaohui Property Development Co., Ltd.**/**	PRC/Mainland China	RMB65,000,000		Property development

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二零二零年十二月三十一日

31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
天津正晟房地產開發有限公司*** Tianjin Zhengsheng Real Estate Development Co., Ltd.***	中國／中國內地 PRC/Mainland China	人民幣60,000,000元 RMB60,000,000	100%	物業開發 Property development
南京泰麒置業發展有限公司**/** Nanjing Taiqi Real Estate Development Co., Ltd.**/**	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	25%	物業開發 Property development
蘇州正信置業發展有限公司**/** Suzhou Zhengxin Property Development Co., Ltd.**/**	中國／中國內地 PRC/Mainland China	人民幣103,721,781.58元 RMB103,721,781.58	30.79%	物業開發 Property development
宜興市嘉譽房地產開發有限公司**/** Yixing Jiayu Real Estate Development Co., Ltd.**/**	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	25%	物業開發 Property development
昆山卓彌房地產開發有限公司**/** Kunshan Zhuomi Property Development Co., Ltd.**/**	中國／中國內地 PRC/Mainland China	人民幣80,000,000元 RMB80,000,000	25%	物業開發 Property development
江西省東達置業有限公司*/*** Jiangxi Dongda Real Estate Co., Ltd.*/**	中國／中國內地 PRC/Mainland China	人民幣40,820,000元 RMB40,820,000	51%	物業開發 Property development
鄱陽縣東投置業有限公司*/*** Poyang County Dongtou Real Estate Co., Ltd.*/**	中國／中國內地 PRC/Mainland China	人民幣51,020,000元 RMB51,020,000	51%	物業開發 Property development
弋陽縣華章東投置業有限公司*/*** Yiyang County Huazhang Dongtou Real Estate Co., Ltd.*/**	中國／中國內地 PRC/Mainland China	人民幣102,040,000元 RMB102,040,000	51%	物業開發 Property development
徐州正永置業發展有限公司 Xuzhou Zhengyong Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣177,000,000元 RMB177,000,000	100% (附註) (note)	物業開發 Property development
南京正力置業發展有限公司 Nanjing Zhengli Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣177,940,000元 RMB177,940,000	100% (附註) (note)	物業開發 Property development

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二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續)				
Indirectly held: (Continued)				
正昱(蘇州)商業管理有限公司 Zhengyu (Suzhou) Commercial Management Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣171,585,000元 RMB171,585,000	100% (附註) (note)	物業開發 Property development
廈門市正騰置業有限公司 Xiamen Zhenglu Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣1,224,490,000元 RMB1,224,490,000	100% (附註) (note)	物業開發 Property development

所有於中國註冊的集團公司的英文名稱乃由本公司管理層盡最大努力對該等公司中文名稱翻譯所得，乃因其並無正式英文名稱。上文披露的所有主要附屬公司的法律形式為有限公司。

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names. The legal form of all the above disclosed principal subsidiaries are limited liability companies.

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

上表所列乃董事認為對年度業績有主要影響，或構成本集團淨資產主要部份的本公司附屬公司。董事認為若列出其他附屬公司的詳情，會令資料過於冗長。

附註：

於二零二零年十二月三十一日，本集團將於下列附屬公司的股權合法轉讓予信託融資公司作為抵押品。

徐州正永置業發展有限公司
南京正力置業發展有限公司
正昱(蘇州)商業管理有限公司
廈門市正鸞置業有限公司

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

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.

Note:

The Group legally transferred the equity interests in the following subsidiaries as collateral to trust financing companies as at 31 December 2020.

	於二零二零年 十二月三十一日 的質押權益百分比 Percentage of equity pledged as at 31 December 2020
Xuzhou Zhengyong Real Estate Development Co., Ltd.	43.50%
Nanjing Zhengli Real Estate Development Co., Ltd.	43.80%
Zhengyu (Suzhou) Commercial Management Co., Ltd.	41.72%
Xiamen Zhenglu Real Estate Co., Ltd.	40.12%

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

附註：(續)

根據上述安排，本集團有責任於借款償還後在未來某個日期按固定金額向信託融資公司進行購買。

此外，經法定權益持有人確認，本集團保留在日常業務過程中控制該等公司的權力。就此而言，考慮到該安排的實質乃為項目開發借款提供該等公司的部分股權作為抵押物及本集團保留實際能力管理該等項目公司的財務及經營政策以自該等項目公司的經營活動獲取利益，本公司董事認為該等公司的財務狀況及經營業績應併入本集團財務報表。

* 該等公司為本公司的非全資附屬公司的附屬公司，因本公司於該等公司擁有控制權而入賬列為附屬公司。

** 由於本集團對參與該等公司業務所得的浮動回報承擔風險或享有權利以及能透過其於該等公司的多數投票權及指導該等公司經營活動的既存權利影響該等回報，本集團對該等公司擁有控制權，故該等公司列作本集團的附屬公司。

*** 於年內，本集團自第三方收購南昌建美房地產有限公司（「南昌建美」）、南昌正潤置業有限公司（「南昌正潤」）、天津正晟房地產開發有限公司（「天津正晟」）、張家港保稅區耀輝房地產開發有限公司（「張家港耀輝」）、南京泰麒置業發展有限公司（「南京泰麒」）、蘇州正信置業發展有限公司（「蘇州正信」）、宜興市嘉譽房地產開發有限公司（「宜興嘉譽」）、昆山卓彌房地產開發有限公司（「昆山卓彌」）、江西東達房地產開發有限公司（「江西東達」）、鄱陽縣東投置業有限公司（「鄱陽東投」）及弋陽縣華章東投置業有限公司（「弋陽華章」）。該等收購事項的進一步詳情載於財務報表附註37。

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Note: (Continued)

Under the aforesaid arrangements, the Group was obliged to purchase at a fixed amount on a future date upon repayment of the borrowings from the trust financing company.

In addition, the Group retains the power to control these companies in the ordinary course of business by confirmation from the legal equity holder. In this regard, considering the facts that the substance of the arrangements is to collateralise some equity interests in these companies for the borrowings for project development and the Group retains the practical ability to govern the financial and operating policies of these project companies so as to obtain benefits from the operating activities of these project companies, the directors of the Company are of the view that the financial position and operating results of these companies should be consolidated into the Group's financial statements.

* These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.

** As the Group has exposure or rights to variable returns from its involvement with those companies, and has the ability to affect those returns through its majority voting position and the existing rights to direct the operating activities of these companies, the Group has control over these companies and these companies are therefore accounted for as subsidiaries of the Group.

*** During the year, the Group acquired Nanchang Jianmei Property Co., Ltd. ("Nanchang Jianmei"), Nanchang Zhengrun Real Estate Co., Ltd. ("Nanchang Zhengrun"), Tianjin Zhengsheng Real Estate Development Co., Ltd. ("Tianjin Zhengsheng"), Zhangjiagang Free Trade Yaohui Property Development Co., Ltd. ("Zhangjiagang Yaohui"), Nanjing Taiqi Real Estate Development Co., Ltd. ("Nanjing Taiqi"), Suzhou Zhengxin Property Development Co., Ltd. ("Suzhou Zhengxin"), Yixing Jiayu Real Estate Development Co., Ltd. ("Yixing Jiayu"), Kunshan Zhuomi Property Development Co., Ltd. ("Kunshan Zhuomi"), Jiangxi Dongda Real Estate Co., Ltd. ("Jiangxi Dongda"), Poyang County Dongtong Real Estate Co., Ltd. ("Poyang Dongtong") and Yiyang County Huazhang Dongtong Real Estate Co., Ltd. ("Yiyang Huazhang") from third parties. Further details of these acquisitions are included in note 37 to the financial statements.

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

2.1 編製基準

該等財務報表乃根據國際會計準則理事會（「國際會計準則理事會」）批准的國際財務報告準則（「國際財務報告準則」）（包括所有標準及詮釋、國際會計準則（「國際會計準則」）及常設詮釋委員會詮釋）及香港公司條例的披露要求編製。該等財務報表乃根據歷史成本慣例法編製，惟已按公平值計量的投資物業及按公平值計入損益的金融資產除外。該等財務報表以人民幣（「人民幣」）呈列，除另有說明外，所有金額約整至最接近千位數。

合併基準

該等綜合財務報表包括本公司及其附屬公司（統稱為「本集團」）截至二零二零年十二月三十一日止年度的財務報表。附屬公司為由本公司直接或間接控制的實體（包括結構性實體）。當本集團對參與投資對象業務所得的浮動回報承擔風險或享有權利以及能透過其對投資對象的權力（即本集團獲賦予現有以指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，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。

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all standards and interpretations, International Accounting Standards (“IASs”) and Standing Interpretations Committee interpretations) approved by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
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2.1 編製基準 (續)

合併基準 (續)

附屬公司的財務報表乃就本公司的相同報告期使用貫徹一致的會計政策編製。附屬公司的業績乃自本集團獲取控制權之日開始作合併計算，並繼續綜合入賬直至有關控制權終止之日為止。

即使導致非控股權益出現赤字餘額，損益及其他全面收益各部份仍歸屬於本集團母公司擁有人及非控股權益。所有有關本集團各成員公司間之交易的集團內公司間資產及負債、權益、收入、開支及現金流量會於綜合賬目時全數抵銷。

倘有事實及情況顯示上文所述三個控制因素中有一個或以上出現變動，則本集團將重新評估是否仍控制投資對象。附屬公司的擁有權權益變動（並無喪失控制權）作為股本交易入賬。

倘本集團失去對附屬公司之控制權，則會終止確認(i)該附屬公司之資產（包括商譽）及負債；(ii)任何非控股權益之賬面值及(iii)計入權益之累計匯兌差額；並確認(i)已收取代價之公平值；(ii)任何保留投資之公平值；及(iii)損益中任何因此產生之盈餘或虧絀。先前已於其他全面收益確認之本集團應佔組成部份乃重新分類至損益或保留溢利（如適用），基準與本集團直接出售相關資產或負債所須使用之基準相同。

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.

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
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2.2 會計政策及披露變動

本集團於本年度財務報表首次採納二零一八年財務報告概念框架及以下經修訂國際財務報告準則。

國際財務報告準則第3號的修訂

Amendments to IFRS 3

國際財務報告準則第9號、國際會計準則

第39號及國際財務報告準則第7號的修訂

Amendments to IFRS 9, IAS 39 and IFRS 7

國際財務報告準則第16號的修訂

Amendment to IFRS 16

國際會計準則第1號及國際會計準則

第8號的修訂

Amendments to IAS 1 and IAS 8

二零一八年財務報告概念框架及經修訂國際財務報告準則的性質及影響概述如下：

- (a) 二零一八年財務報告概念框架（「概念框架」）提出一套全面的財務報告及標準制定概念，並為財務報表編製者制定一致的會計政策提供指導，並協助所有各方理解並解釋標準。概念框架包括有關衡量及報告財務表現的新章節、有關資產及負債終止確認的新指引以及更新的資產及負債定義及確認標準。其亦釐清管理、審慎及度量之不確定性於財務報告中的角色。概念框架並非標準，且其中包含的任何概念均不覆蓋任何標準中的概念或要求。概念框架對本集團的財務狀況及表現並無任何重大影響。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

業務的定義

Definition of a Business

利率基準改革

Interest Rate Benchmark Reform

COVID-19相關租金寬免（提早採納）

COVID-19-Related Rent Concessions (early adopted)

重大的定義

Definition of Material

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “Conceptual Framework”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

2.2 會計政策及披露變動 (續)

- (b) 國際財務報告準則第3號的修訂澄清業務的定義，並就其提供額外指引。該等修訂明確說明，就可視為業務的一組整合活動及資產而言，其必須至少包括一項投入及一項重要過程，而兩者必須對形成產出的能力有重大貢獻。業務的存在毋須包括形成產出所需的所有投入及過程。該等修訂取消評估市場參與者是否有能力收購業務並持續獲得產出的規定，轉為重點關注所取得的投入和所取得的重要過程是否共同對形成產出的能力有重大貢獻。該等修訂亦已收窄產出的定義，重點關注向客戶提供的貨物或服務、投資收入或日常活動產生的其他收入。此外，該等修訂提供有關評估所取得過程是否重大的指引，並新增公平值集中度測試選項，允許對所取得的一組活動及資產是否不屬於業務進行簡化評估。本集團已前瞻性地將該等修訂應用於二零二零年一月一日或之後發生的交易或其他事件。該等修訂並無對本集團的財務狀況及表現產生任何影響。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日

31 December 2020

2.2 會計政策及披露變動 (續)

(c) 國際財務報告準則第9號、國際會計準則第39號及國際財務報告準則第7號的修訂旨在解決影響替代無風險利率(「無風險利率」)取代現行利率基準之前的期間內財務報告的問題。該等修訂提供可在引入替代無風險利率前的不確定期間內繼續進行對沖會計的暫時性補救措施。此外，該等修訂規定公司須向投資者提供有關受該等不確定因素直接影響的對沖關係的額外資料。由於本集團並無任何利率對沖關係，故該等修訂並未對本集團的財務狀況及表現產生任何影響。

(d) 國際財務報告準則第16號的修訂為承租人提供一個實際可行的權宜方法以選擇就COVID-19疫情的直接後果產生的租金寬免不應使用租賃修改會計處理。該實際可行權宜方法僅適用於疫情直接後果產生的租金寬免，且僅當(i)租賃付款的變動使租賃代價有所修改，而經修改的代價與緊接變動前租賃代價大致相同，或少於緊接變動前的租賃代價；(ii)租賃付款的任何減幅僅影響原到期日為二零二一年六月三十日或之前的付款；及(iii)租賃的其他條款及條件並無實質變動。該修訂於二零二零年六月一日或之後開始的年度期間有效，允許提早應用並將追溯採用。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

2.2 會計政策及披露變動 (續)

(d) (續)

截至二零二零年十二月三十一日止年度，本集團辦公室大樓租賃的部份每月租賃付款因COVID-19疫情已由出租人減少或豁免，而租賃的條款並無其他變動。本集團已於二零二零年一月一日提早採用該修訂，並選擇就截至二零二零年十二月三十一日止年度出租人因COVID-19疫情而授出的所有租金寬免不應用租賃修改會計處理。租金寬免所導致的租賃付款減少（已通過終止確認部份租賃負債將其作為浮動租賃付款入賬並計入截至二零二零年十二月三十一日止年度的損益）微不足道。

- (e) 國際會計準則第1號及國際會計準則第8號的修訂提供重大的新定義。新定義列明，倘合理預期遺漏、誤述或隱瞞相關資料會影響通用財務報表的主要用戶根據該等財務報表作出的決策，則該等資料屬重大。該等修訂澄清重要性將取決於資料的性質或數量，或兩者兼而有之。該等修訂對本集團的財務狀況及表現並無任何重大影響。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(d) (Continued)

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the year ended 31 December 2020. The reduction in the lease payments arising from the rent concessions accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020 was insignificant.

- (e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

2.3 已頒佈但未生效的國際財務報告準則

本集團尚未於該等財務報表內應用下列已頒佈但未生效的新訂及經修訂國際財務報告準則。

國際財務報告準則第3號的修訂

Amendments to IFRS 3

國際財務報告準則第9號、國際會計準則

第39號、國際財務報告準則第7號、

國際財務報告準則第4號及國際財務報告準則

第16號的修訂

Amendments to IFRS 9, IAS 39, IFRS 7,

IFRS 4 and IFRS 16

國際財務報告準則第10號及國際會計準則

第28號的修訂

Amendments to IFRS 10 and IAS 28

國際財務報告準則第17號

IFRS 17

國際財務報告準則第17號的修訂

Amendments to IFRS 17

國際會計準則第1號的修訂

Amendments to IAS 1

國際會計準則第1號的修訂

Amendments to IAS 1

國際會計準則第8號的修訂

Amendments to IAS 8

國際會計準則第16號的修訂

Amendments to IAS 16

國際會計準則第37號的修訂

Amendments to IAS 37

國際財務報告準則二零一八年至

二零二零年的年度改進

Annual Improvements to

IFRS Standards 2018-2020

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

概念框架之提述²

Reference to the Conceptual Framework²

利率基準改革 – 第二階段¹

Interest Rate Benchmark Reform – Phase 2¹

投資者與其聯營公司或合營企業之間的資產出售或注資⁴

Sale or Contribution of Assets between an Investor and

its Associate or Joint Venture⁴

保險合約³

Insurance Contracts³

保險合約^{3, 5}

Insurance Contracts^{3, 5}

負債分類為即期或非即期³

Classification of Liabilities as Current or Non-current³

會計政策的披露³

Disclosure of Accounting Policies³

會計估計的定義³

Definition of Accounting Estimates³

物業、廠房及設備：作擬定用途前的所得款項²

Property, Plant and Equipment: Proceeds before Intended Use²

有償合約 – 履行合約的成本²

Onerous Contracts – Cost of Fulfilling a Contract²

國際財務報告準則第1號、國際財務報告準則第9號、國際財務報告準則第16號隨附之範例及國際會計準則第41號的修訂²

Amendments to IFRS 1, IFRS 9, Illustrative Examples

accompanying IFRS 16, and IAS 41²

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2.3 已頒佈但未生效的國際財務報告準則 (續)

- ¹ 於二零二一年一月一日或之後開始的年度期間生效
- ² 於二零二二年一月一日或之後開始的年度期間生效
- ³ 於二零二三年一月一日或之後開始的年度期間生效
- ⁴ 未釐定強制生效日期，惟仍可採納
- ⁵ 由於二零二零年六月頒佈國際財務報告準則第17號的修訂，國際財務報告準則第4號獲修訂以延長允許保險公司於二零二三年一月一日前開始的年度期間應用國際會計準則第39號而非國際財務報告準則第9號的暫時豁免

預期將適用於本集團之該等國際財務報告準則之進一步資料概述如下。

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

- ¹ Effective for annual periods beginning on or after 1 January 2021
- ² Effective for annual periods beginning on or after 1 January 2022
- ³ Effective for annual periods beginning on or after 1 January 2023
- ⁴ No mandatory effective date yet determined but available for adoption
- ⁵ As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

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2.3 已頒佈但未生效的國際財務報告準則 (續)

國際財務報告準則第3號的修訂旨在以二零一八年三月頒佈的財務報告概念框架為參考，取代先前編製及呈列財務報表的框架，而不會大幅更改其規定。該等修訂亦對國際財務報告準則第3號增加其確認原則的例外情況，以供實體參考概念框架以釐定構成資產或負債的內容。該例外情況規定，就國際會計準則第37號或國際財務報告詮釋委員會詮釋第21號範圍內的負債及或然負債而言，倘該等負債及或然負債單獨產生而非於業務合併中承擔，則應用國際財務報告準則第3號的實體應分別參閱國際會計準則第37號或國際財務報告詮釋委員會詮釋第21號，而非概念框架。此外，該等修訂釐清或然資產不合資格於收購日期確認。本集團預期自二零二二年一月一日起追溯性採納該等修訂。由於該等修訂預期將適用於收購日期為首次應用日期或之後的業務合併，故本集團於過渡日期將不會受該等修訂影響。

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

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2.3 已頒佈但未生效的國際財務報告準則 (續)

國際財務報告準則第9號、國際會計準則第39號、國際財務報告準則第7號、國際財務報告準則第4號及國際財務報告準則第16號的修訂解決了在現行利率基準被替代無風險利率取代時影響財務報告的先前修訂未處理的問題。第二階段修訂提供可行權宜方法，允許在對釐定金融資產及負債的合約現金流量的基準變動進行會計處理時，在不調整賬面值的情況下更新實際利率（倘有關變動為利率基準改革的直接後果）及釐定合約現金流量的新基準經濟上相當於緊接變動前的先前基準。此外，該等修訂允許利率基準改革規定在對沖關係終止的情況下對對沖指定及對沖文件作出變動。於過渡時可能產生的任何收益或虧損乃透過國際財務報告準則第9號的一般規定處理，以計量及確認對沖無效性。該等修訂亦為實體於無風險利率被指定為風險部分時，毋須符合獨立可識別規定提供臨時寬免。該寬免允許實體於指定對沖後假設符合獨立可識別規定，前提是實體合理預期無風險利率風險部分將於未來24個月內獨立可識別。此外，該等修訂規定實體披露額外資料，以使財務報表使用者了解利率基準改革對實體金融工具及風險管理策略的影響。該等修訂於二零二一年一月一日或之後開始的年度期間生效，並須追溯應用，惟實體毋須重列比較資料。

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative RFR. The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

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2.3 已頒佈但未生效的國際財務報告準則 (續)

於二零二零年十二月三十一日，本集團有若干以港元及外幣計值按香港銀行間同業拆借利率及倫敦銀行間同業拆借利率「LIBOR」計息的計息銀行及其他借款。倘該等借款的利率於未來期間被無風險利率取代，則本集團將於符合「經濟等值」標準時於修改該等借款後應用此實際權宜方法，並預期將不會因應用該等修訂而產生重大修改收益或虧損。

國際財務報告準則第10號及國際會計準則第28號的修訂處理國際財務報告準則第10號及國際會計準則第28號於處理投資者與其聯營公司或合營企業之間的資產出售或注資方面的規定的不一致情況。該等修訂規定，當投資者與其聯營公司或合營企業之間的資產出售或注資構成一項業務時，須全面確認盈虧。對於涉及並無構成一項業務的資產的交易而言，該項交易產生的盈虧於投資者的損益中確認，惟僅以不相關投資者於該聯營公司或合營企業的權益為限。該等修訂將按前瞻性基準應用。國際會計準則理事會已於二零一五年十二月剔除國際財務報告準則第10號及國際會計準則第28號的修訂的以往強制生效日期，而新的強制生效日期將於對聯營公司及合營企業的會計處理完成更廣泛的檢討後釐定。然而，該等修訂可於現時採納。

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

The Group had certain interest-bearing bank and other borrowings denominated in Hong Kong dollars and foreign currencies based on the Hong Kong Interbank Offered Rate and the London Interbank Offered Rate ("LIBOR") as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

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2.3 已頒佈但未生效的國際財務報告準則 (續)

國際會計準則第1號的修訂釐清將負債分類為流動或非流動的規定。該等修訂訂明，倘實體延遲償還負債的權利須待實體符合特定條件後，方可作實，倘實體於報告期末符合該等條件，則其有權延遲償還負債。負債的分類不受實體將行使其權利延遲清償負債的可能性所影響。該等修訂亦釐清被視為清償負債的情況。該等修訂於二零二三年一月一日或之後開始的年度期間生效，並須追溯應用。可提早應用。預期該等修訂不會對本集團之財務報表構成任何重大影響。

國際會計準則第16號的修訂禁止實體從物業、廠房及設備項目的成本中扣除出售所產生項目並將該資產達致其能夠以管理層擬定的方式運作所需的地點及狀況的任何所得款項。相反，實體於損益確認出售任何該等項目的所得款項及該等項目的成本。該等修訂於二零二二年一月一日或之後開始的年度期間生效，且僅可追溯應用於實體首次應用該等修訂的財務報表所呈列的最早期間開始時或之後可供使用的物業、廠房及設備項目。可提早應用。預期該等修訂不會對本集團之財務報表構成任何重大影響。

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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2.3 已頒佈但未生效的國際財務報告準則 (續)

國際會計準則第37號的修訂澄清，就根據國際會計準則第37號評估合約是否屬虧損性而言，履行合約的成本包括與合約直接相關的成本。與合約直接相關的成本包括履行該合約的增量成本（如直接勞工及材料）及與履行該合約直接相關的其他成本分配（如分配履行合約所用物業、廠房及設備項目的折舊費用以及合約管理及監督成本）。一般及行政成本與合約並無直接關係，除非根據合約可明確向對手方收取，否則不予計入。該等修訂於二零二二年一月一日或之後開始的年度期間生效，並適用於實體於其首次應用該等修訂的年度報告期初尚未履行其所有責任的合約。可提早應用。首次應用該等修訂的任何累計影響須於首次應用日期確認為對期初權益的調整，而毋須重列比較資料。預期該等修訂不會對本集團之財務報表構成任何重大影響。

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

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2.3 已頒佈但未生效的國際財務報告準則 (續)

國際財務報告準則二零一八年至二零二零年的年度改進載列國際財務報告準則第1號、國際財務報告準則第9號、國際財務報告準則第16號隨附的闡釋範例及國際會計準則第41號的修訂。預期適用於本集團的修訂詳情如下：

- 國際財務報告準則第9號金融工具：釐清實體於評估一項新訂或經修訂金融負債的條款是否與原有金融負債的條款存在重大差異時包括的費用。該等費用僅包括借款人與貸款人之間支付或收取的費用，包括借款人或貸款人代表另一方支付或收取的費用。實體將修訂應用於在實體首次應用修訂的年度報告期初或之後修訂或交換的金融負債。該修訂於二零二二年一月一日或之後開始的年度期間生效。可提早應用。該修訂預期不會對本集團的財務報表產生重大影響。
- 國際財務報告準則第16號租賃：移除國際財務報告準則第16號隨附的闡釋範例13中有關租賃物業裝修的出租人付款說明。這消除了應用國際財務報告準則第16號時有關租賃優惠處理方面的潛在混淆。

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.
- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

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2.4 重大會計政策概要

於聯營公司及合營企業的投資

聯營公司為本集團於其一般不少於20%股本投票權中擁有長期權益的實體，且可對其發揮重大影響力。重大影響力指的是參與投資對象的財務和經營決策的權力，但不是控制或共同控制該等決策的權力。

合營企業指一種合營安排，對安排擁有共同控制權的訂約方據此對合營企業的淨資產擁有權利。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存在。

本集團於聯營公司及合營企業的投資乃按本集團根據權益會計法應佔淨資產減任何減值虧損於綜合財務狀況表列賬。倘會計政策存在任何不一致，則會作出相應調整。本集團應佔聯營公司及合營企業收購後業績及其他全面收益計入綜合損益表。此外，倘於聯營公司或合營企業的權益直接確認變動，則本集團會於綜合權益變動表確認其應佔任何變動（倘適用）。本集團與其聯營公司或合營企業間交易的未變現收益及虧損將以本集團於聯營公司或合營企業的投資為限對銷，惟倘未變現虧損證明所轉讓資產減值則除外。收購聯營公司或合營企業所產生的商譽計入作本集團於聯營公司或合營企業投資的一部份。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures are included in the consolidated statement of profit or loss. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

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2.4 重大會計政策概要 (續)

於聯營公司及合營企業的投資 (續)

倘於聯營公司的投資變成於合營企業的投資或出現相反情況，則不會重新計量保留權益。反之，該投資繼續根據權益法入賬。在所有其他情況下，失去對聯營公司的重大影響力或對合營企業的共同控制權後，本集團按其公平值計量及確認任何剩餘投資。聯營公司或合營企業於失去重大影響力或共同控制權時的賬面值與剩餘投資及出售所得款項的公平值之間的任何差額乃於損益賬內確認。

業務合併及商譽

業務合併按收購法列賬。轉讓代價乃按收購日期的公平值計量，該公平值為本集團轉讓的資產於收購日期的公平值、本集團自被收購方的前度擁有人承擔的負債及本集團發行以換取被收購方控制權的股本權益的總和。就各項業務合併而言，本集團選擇以公平值或被收購方可識別淨資產的應佔比例，計算屬現時擁有權益並賦予持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份乃按公平值計量。收購相關成本於產生時支銷。

當所收購的一組活動及資產包括一項投入及一項實質過程，而兩者對創造產出的能力有重大貢獻，則本集團認為其已收購一項業務。

本集團收購一項業務時會根據合約條款、收購日期之經濟狀況及有關條件評估取得的金融資產及承擔的金融負債，以進行適當分類及指定。這包括分離被收購方主合約中的嵌入式衍生工具。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

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2.4 重大會計政策概要 (續)

業務合併及商譽 (續)

倘業務合併分階段進行，先前持有的股本權益應按收購日期的公平值重新計算，產生的任何收益或虧損在損益中確認。

收購方轉讓的任何或然代價將以收購日期的公平值確認。倘或然代價被分類為資產或負債，則按公平值計量，其公平值變動於損益確認。倘或然代價被分類為權益，則不再對其重新計量，後續的結算會計入權益中。

商譽初步按成本計量，即轉讓代價、確認為非控股權益的金額及本集團此前持有的被收購方股權的公平值之和超出本集團所收購可識別淨資產及所承擔負債的部份。倘該代價及其他項目之和低於所收購淨資產的公平值，有關差額在重估後於損益確認為議價收購收益。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

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2.4 重大會計政策概要 (續)

業務合併及商譽 (續)

初始確認後，商譽按成本減任何累計減值虧損計量。如有任何事件或情況變動表明賬面值可能減值，每年或更頻繁地對商譽進行減值測試。本集團每年於十二月三十一日對商譽進行減值測試。就減值測試而言，於業務合併時收購的商譽自收購日期起分配至預期將從合併協同效應受益之本集團各現金產生單位或現金產生單位組別，而不論本集團之其他資產或負債是否已被分配至該等單位或單位組別。

減值乃通過評估商譽所屬的現金產生單位 (現金產生單位組別) 的可收回金額而釐定。倘現金產生單位 (現金產生單位組別) 的可收回金額低於賬面值，則確認減值虧損。就商譽所確認的減值虧損不會於其後期間撥回。

倘商譽被分配至某現金產生單位 (或現金產生單位組別)，而該單位內的部份業務被出售，與被出售業務有關的商譽將於釐定該出售的收益或虧損時計入該業務的賬面值。在此情況下被出售的商譽按被出售業務的相對價值及保留的現金產生單位部份計量。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

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2.4 重大會計政策概要 (續)

公平值計量

本集團於各報告期末按公平值計量其投資物業、衍生金融工具及權益投資。公平值乃在市場參與者於計量日期進行的有序交易中出售資產所收取或轉移負債所支付的價格。公平值計量乃基於假設出售資產或轉移負債的交易於資產或負債的主要市場或於未有主要市場的情況下，則於資產或負債的最有利市場進行。主要或最有利市場須位於本集團能到達的地方。資產或負債的公平值乃基於市場參與者為資產或負債定價所用的假設計量（假設市場參與者依照彼等的最佳經濟利益行事）。

非金融資產公平值的計量則參考市場參與者可從使用該資產得到的最高及最佳效用，或把該資產售予另一可從使用該資產得到最高及最佳效用的市場參與者所產生的經濟效益。

本集團使用適用於不同情況的估值方法，而其有足夠資料計量公平值，以盡量利用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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2.4 重大會計政策概要 (續)

公平值計量 (續)

於財務報表中計量或披露公平值的所有資產及負債，均根據對公平值計量整體而言屬重大的最低級別輸入數據在下述公平值層級內進行分類：

第一層級 — 基於相同資產或負債於活躍市場的所報價格 (未經調整)

第二層級 — 基於對公平值計量而言屬重大的可觀察 (直接或間接) 最低級別輸入數據的估值方法

第三層級 — 基於對公平值計量而言屬重大的不可觀察最低級別輸入數據的估值方法

就於財務報表按經常性基準確認之資產及負債而言，本集團於各報告期末根據對於公平值計量整體有重大影響之最低輸入數據通過重新評估分類以確定各層級之間是否出現轉移。

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.

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2.4 重大會計政策概要 (續)

非金融資產減值

倘存在任何減值跡象，或當須每年就資產進行減值檢測（存貨、遞延稅項資產、金融資產、投資物業及分類為持作出售的非流動資產／出售組別除外），則會估計資產的可收回數額。資產的可收回數額乃按資產或現金產生單位的使用價值或公平值減出售成本兩者的較高者計算，而個別資產須分開計算，除非資產並不產生明顯獨立於其他資產或資產組別的現金流入，於此情況下，則可收回數額按資產所屬現金產生單位的可收回數額計算。

僅在資產賬面值高於其可收回數額的情況下，方會確認減值虧損。評估使用價值時，估計日後現金流量按可反映幣值時間值及資產特定風險的現時市場評估的稅前貼現率貼現至現值。減值虧損按與該減值資產功能相符的開支類別於產生期間自損益中扣除。

本集團會在各報告期末評估是否有任何跡象顯示以前所確認的減值虧損已不在或可能減少。倘出現此等跡象，則會估計可收回金額。僅當用以確定資產（商譽除外）可收回金額的估計有變時，方會撥回先前確認的減值虧損，但撥回後的數額不得超過假設於過往年度並無就該項資產確認減值虧損而應釐定的賬面值（扣除任何折舊／攤銷）。除非資產以重估金額入賬，否則減值虧損撥回會計入產生期間的損益。在此情況下，減值虧損撥回根據重估資產的有關會計政策列賬。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to 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 by the Group at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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2.4 重大會計政策概要 (續)

關聯方

以下人士被視為本集團的關聯方，倘：

- (a) 有關方為一名人士或該人士的關係密切家庭成員，而該人士
 - (i) 擁有本集團的控制權或共同控制權；
 - (ii) 對本集團產生重大的影響力；或
 - (iii) 該人士為本集團或本集團母公司的主要管理人員的其中一名成員；

或

- (b) 該人士為實體且符合下列任何一項條件：
 - (i) 該實體與本集團屬同一集團的成員公司；
 - (ii) 一實體為另一實體（或另一實體的母公司、附屬公司或同系附屬公司）的聯營公司或合營企業；
 - (iii) 該實體與本集團為同一第三方的合營企業；
 - (iv) 一實體為一第三方的合營企業，而另一實體為該第三方的聯營公司；

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;

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2.4 重大會計政策概要 (續)

關聯方 (續)

(b) (續)

- (v) 該實體提供一個僱用後福利計劃予本集團或與本集團有關實體的僱員作為福利；
- (vi) 該實體為(a)所述人士控制或共同控制；
- (vii) 於(a)(i)所識別人士對實體有重大影響或屬該實體（或該實體母公司）主要管理人員的其中一名成員；及
- (viii) 向本集團或本集團的母公司提供主要管理人員的服務的實體或為其一部份的任何集團成員。

物業、廠房及設備與折舊

物業、廠房及設備（在建工程除外）乃按成本減累計折舊及任何減值虧損列賬。物業、廠房及設備的成本包括其購買價及任何令資產投入運作及將資產運往擬定用途地點的直接應計費用。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) (Continued)

- (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.

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.

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2.4 重大會計政策概要 (續)

物業、廠房及設備與折舊 (續)

於物業、廠房及設備投入運作後所引致的支出，如維修及保養費等，通常於其產生期間計入損益。倘達至確認標準，相關主要檢查費用可按撥充資本計入作為重置的資產賬面值。倘大部份物業、廠房及設備須不時重置，本集團確認該部份物業、廠房及設備為個別具有特定可使用年期及相應地對其作出折舊。

折舊乃以直線法按其估計可使用年期撇銷各項物業、廠房及設備的成本至其剩餘價值。主要的估計可使用年期及年度折舊率如下：

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives and the annual depreciation rates are as follows:

		估計 可使用年期 Estimated useful lives	年度 折舊率 Annual depreciation rates
樓宇	Buildings	20年 20 years	4.75% 4.75%
機動車	Motor vehicles	4-5年 4 – 5 years	19% 至 24% 19% to 24%
辦公設備及電子裝置	Office equipment and electronic devices	3-5年 3 – 5 years	19% 至 32% 19% to 32%
租賃物業裝修	Leasehold improvements	3-8年 3 – 8 years	12.5% 至 33% 12.5% to 33%

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2.4 重大會計政策概要 (續)

物業、廠房及設備與折舊 (續)

當一項物業、廠房及設備項目的各部份有不同可使用年期時，該項目的成本乃按合理基準在各部份之間分配，而各部份乃個別地折舊。剩餘價值、可使用年期及折舊方法至少於各財政年度末檢討，並作出調整（如適用）。

物業、廠房及設備的項目（包括最初經確認的任何重大部份）於出售或預期其使用或出售不會帶來任何未來經濟利益時終止確認。因出售或報廢而於該資產終止確認年度的損益內確認的任何盈虧乃有關資產出售淨收入與賬面值的差額。

在建工程乃指按成本減任何減值虧損列賬且未予折舊的在建樓宇。成本包括建造期內所產生的直接建造成本及與借貸資金有關的資本化借款成本。在建工程竣工及可予使用後重新分類至物業、廠房及設備的適當類別。

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 profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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2.4 重大會計政策概要 (續)

投資物業

投資物業為持有作賺取租金收入及／或資本增值，而非作生產或供應貨品或服務或作行政用途，亦非在日常業務運作過程中作出售的土地及樓宇權益（包括持作使用權資產的租賃物業，而有關物業如非作為租賃物業，則符合投資物業的定義）。該等物業初始按成本（包括交易成本）計量。於初始確認後，投資物業按反映報告期末市況的公平值入賬。

投資物業公平值變動所產生的盈虧於產生年度歸入損益賬。

報廢或出售投資物業的任何盈虧於報廢或出售年度在損益賬確認。

由投資物業轉為自用物業或存貨時，該物業期後會計的認定成本為改變用途當日的公平值。如本集團的自用物業轉為投資物業，本集團直至改變用途當日前會根據「物業、廠房及設備與折舊」項下所述政策將自有物業入賬及／或根據「使用權資產」項下所述政策將持作使用權資產的物業入賬，而物業於當日的賬面值與公平值的任何差額則根據上文「物業、廠房及設備與折舊」項下所述政策列作重估。由存貨轉為投資物業時，該物業於當日的公平值與先前的賬面值的任何差額於損益中確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

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

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

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

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” for owned property and/or accounts for such property in accordance with the policy stated under “Right-of-use assets” for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under “Property, plant and equipment and depreciation” above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

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2.4 重大會計政策概要 (續)

開發中物業

開發中物業擬於竣工後持作出售。

開發中物業按成本與可變現淨值的較低者列賬，成本包括土地成本、建築成本、借款成本、專業費用及於開發期內與有關物業直接相關的其他成本。

除非開發中物業不能於正常營運週期內落成，否則相關開發中物業分類為流動資產。物業於竣工後轉至持作出售已竣工物業。

持作出售已竣工物業

持作出售已竣工物業按成本與可變現淨值兩者的較低者於財務狀況表列賬。成本按未售物業應佔土地及樓宇成本總額的分攤比例釐定。可變現淨值按預期最終將變現的價格減出售物業產生的估計成本計算。

分配物業開發成本

土地成本根據各單位的可售建築面積（「建築面積」）佔可售總建築面積的比例分配至各單位。單位相關建築成本按個別情況識別及分配。一般建築成本按與土地成本相若的方式根據可售建築面積分配。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties under development

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

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

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

Completed properties held for sale

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

Allocation of property development costs

Land costs are allocated to each unit according to their respective saleable gross floor area ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

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2.4 重大會計政策概要 (續)

無形資產 (商譽除外)

單獨取得的無形資產於初始確認時按成本計量。通過業務合併取得的無形資產的成本為收購日期的公平值。無形資產的可使用年期評估為有限期或無限期。有限年期的無形資產隨後按可使用經濟年期攤銷，並於有跡象顯示無形資產可能出現減值時評估減值。有限可使用年期的無形資產的攤銷期及攤銷方法至少於每個財政年度末檢討一次。

軟件以成本減任何減值虧損列賬，且以直線法按其估計可使用年期2至5年攤銷。

租賃

本集團於合約開始時評估合約是否為或包含租賃。倘合約為換取代價而給予在一段時間內控制已識別資產使用的權利，則該合約分類為或包含租賃。

本集團作為承租人

本集團對所有租賃 (惟短期租賃及低價值資產租賃除外) 採取單一確認及計量方法。本集團確認租賃負債以作出租賃付款，而使用權資產指使用相關資產的權利。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful lives of 2 to 5 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

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2.4 重大會計政策概要 (續)

租賃 (續)

本集團作為承租人 (續)

(a) 使用權資產

本集團於租賃開始日期(即相關資產可供使用當日)確認使用權資產。使用權資產按成本減任何累計折舊及減值虧損計量,並就任何重新計量租賃負債作出調整。當使用權資產與作為存貨持有的租賃土地的權益相關時,該等資產其後根據本集團的「開發中物業」及「持作出售已竣工物業」政策按成本與可變現淨值的較低者計量。使用權資產成本包括已確認租賃負債的款額、已產生初始直接成本及於開始日期或之前作出的租賃付款減任何已收租賃獎勵。使用權資產於資產的租期及估計可使用年期(以較短者為準)內按直線法折舊如下:

土地使用權
Land use rights
辦公樓宇
Office buildings

40年
40 years
2至9年
2 to 9 years

倘租賃資產的所有權於租期結束時轉讓予本集團或成本反映購買選擇權的行使,則使用資產的估計可使用年期計算折舊。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. 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 policies for "properties under development" and "completed properties held for sale". 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:

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.

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2.4 重大會計政策概要 (續)

租賃 (續)

本集團作為承租人 (續)

(a) 使用權資產 (續)

當使用權資產與作為存貨持有的租賃土地的權益相關時，該等資產其後根據本集團的「開發中物業」或「持作出售已竣工物業」政策按成本與可變現淨值的較低者計量。當使用權資產符合投資物業的界定时，將其計入投資物業。相應的使用權資產初步根據本集團的「投資物業」政策按成本計量，其後按公平值計量。

(b) 租賃負債

租賃負債於租賃開始日期按租期內支付的租賃款項之現值予以確認。租賃款項包括固定款項（包括實質固定款項），減任何應收租賃優惠、基於指數或利率的可變租賃款項及剩餘價值擔保下的預期應付款項。租賃款項亦包括本集團合理確定將予行使的購買選擇權的行使價及倘在租期內反映本集團正行使終止租賃選擇權時，就終止租賃支付的罰款。不取決於指數或利率的可變租賃款項在出現觸發付款的事件或情況的期間內確認為開支。

於計算租賃付款的現值時，由於租賃內所隱含的利率不易釐定，因此本集團於租賃開始日期應用增量借款利率計算。於開始日期後，租賃負債金額的增加反映利息的增加，其減少則為租賃付款所致。此外，如有修改、租期變化、租賃款項變動（例如日後因指數或利率變動出現租賃款項變動）或購買相關資產的選擇權評估變更，租賃負債的眼面值將重新計量。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(a) Right-of-use assets (Continued)

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties under development" or "completed properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

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2.4 重大會計政策概要 (續)

租賃 (續)

本集團作為承租人 (續)

(c) 短期租賃及低價值資產租賃

本集團將短期租賃確認豁免應用於辦公設備的短期租賃 (即自租賃開始日期起計租期為十二個月或以下，並且不包含購買選擇權的租賃)。低價值資產租賃的確認豁免亦應用於被認為低價值的辦公設備及筆記本電腦租賃。

本集團就低價值資產訂立租賃時將釐定是否按逐項租賃基準將租賃資本化，短期租賃的租賃付款及低價值資產租賃在租期內按直線法確認為支出。

本集團作為出租人

本集團作為出租人時，其於租賃開始時 (或租賃變更時) 將各租賃分類為經營租賃或融資租賃。

本集團並未轉讓資產所有權所附帶的絕大部份風險及回報的租賃歸類為經營租賃。當合約包含租賃及非租賃部份時，本集團按相對獨立的銷售價格基準將合約代價分配至各部份。租金收入於租期內按直線法列賬，且因其經營性質將其計入損益表之收益。於磋商及安排經營租賃時產生的初始直接成本乃添加至租賃資產的賬面值，並於租期內按相同基準確認為租金收入。或然租金乃於所賺取的期間內確認為收益。

將相關資產所有權所附帶的絕大部份風險及回報轉讓予承租人的租賃按融資租賃列賬。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

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2.4 重大會計政策概要 (續)

租賃 (續)

本集團作為出租人 (續)

融資租賃乃指資產所有權的絕大部份回報及風險 (法定業權除外) 轉移至本集團的租賃。於融資租賃開始時，租賃資產的成本乃按最低租賃款項的現值撥充資本及與債務一同記錄 (利息項目除外)，以反映是項購置及融資。資本化融資租賃下的資產 (包括融資租賃下預付土地租賃款項) 乃計入物業、廠房及設備，就租期及資產估計可使用年期兩者的較短者折舊。該等租賃的融資成本乃就租期長短自損益表扣除，以得出不變的週期收費率。

以融資性質租購合約購入的資產乃列作融資租賃，惟會就其估計可使用年期折舊。

經營租賃乃指資產所有權的絕大部份回報及風險歸由出租人承擔的租賃。如本集團為出租人，本集團按經營租賃出租的資產包括在非流動資產中，而經營租賃項下的應收租金於租期內以直線法計入損益。如本集團為承租人，經營租賃項下的應付租金經扣除從出租人收取的任何優惠後乃於租期內以直線法自損益內扣除。

經營租賃項下的預付土地租賃款項首次乃按成本列賬，而隨後則按租期以直線法確認。

倘租賃款項未能在土地及樓宇項目之間可靠地分配，則租賃款項全數入賬為土地及樓宇成本，作為物業、廠房及設備項下之融資租賃。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessor (Continued)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

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.

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2.4 重大會計政策概要 (續)

投資及其他金融資產

初始確認及計量

金融資產於初始確認時分類，隨後以攤銷成本、按公平值計入其他全面收益及按公平值計入損益計量。

於初始確認時，金融資產分類取決於金融資產的合約現金流量特徵及本集團管理該等金融資產的業務模式。除並無重大融資成份或本集團已應用可行權宜方法而毋須就重大融資成份的影響作出調整的貿易應收款項外，本集團初步按公平值加上（倘金融資產並非按公平值計入損益）交易成本計量金融資產。並無重大融資成份或本集團已應用可行權宜方法的貿易應收款項根據下文「收益確認」所載政策按國際財務報告準則第15號釐定的交易價格計量。

為使金融資產按攤銷成本或按公平值計入其他全面收益進行分類及計量，需產生純粹為支付本金及未償還本金利息（「純粹為支付本金及利息」）的現金流量。現金流量並非純粹為支付本金及利息的金融資產，不論其業務模式如何，均按公平值計入損益分類及計量。

本集團管理金融資產的業務模式指其如何管理其金融資產以產生現金流量。業務模式確定現金流量是否來自收集合約現金流量、出售金融資產或兩者兼有。按攤銷成本分類及計量的金融資產於持有金融資產以收取合約現金流量的業務模式內持有，而按公平值計入其他全面收益分類及計量的金融資產於持有金融資產以收取合約現金流量及銷售的業務模式內持有。並未於上述業務模式內持有的金融資產按公平值計入損益分類及計量。

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 subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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.

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2.4 重大會計政策概要 (續)

投資及其他金融資產 (續)

初始確認及計量 (續)

所有定期金融資產購買及出售於交易日 (即本集團承諾購買或出售資產的日期) 確認。定期購買或出售乃須於市場規則或慣例所一般設定的期間內交付資產的金融資產購買或出售。

後續計量

不同類別金融資產的後續計量方法如下：

按攤銷成本計量的金融資產 (債務工具)

按攤銷成本計量的金融資產其後採用實際利率法計量，並可能受減值影響。當資產終止確認、修改或減值時，收益及虧損於損益表中確認。

按公平值計入損益的金融資產

按公平值計入損益的金融資產按公平值於財務狀況表列賬，而公平值變動淨額於損益表中確認。

終止確認金融資產

倘出現以下情況，金融資產 (或 (倘適用) 部份金融資產或一組類似金融資產的一部份) 主要會終止確認 (即從本集團綜合財務狀況表中剔除)：

- 從資產收取現金流量的權利已到期；或
- 本集團已根據「轉手」安排轉讓從資產收取現金流量的權利，或已承擔向第三方無重大延誤全額支付所收現金流量的責任；及(a)本集團已轉讓資產的絕大部份風險及回報，或(b)本集團雖未轉讓或保留資產的絕大部份風險及回報，但已轉讓資產的控制權。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (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 purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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.

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2.4 重大會計政策概要 (續)

終止確認金融資產 (續)

倘本集團已轉讓從資產收取現金流量的權利或訂立轉手安排，則評估有否保留資產所有權的風險及回報及保留的程度。倘本集團並無轉讓或保留資產的絕大部份風險及回報，亦無轉讓資產控制權，則本集團將就本集團持續參與有關資產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以反映本集團所保留權利及責任的基準計量。

以擔保形式對已轉讓資產的持續參與，按資產原賬面值與本集團可能須償還最高代價兩者的較低者計量。

金融資產減值

本集團就並非按公平值計入損益持有的所有債務工具確認預期信貸虧損（「預期信貸虧損」）撥備。預期信貸虧損乃基於根據合約到期的合約現金流量與本集團預期收取並按原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。

一般法

預期信貸虧損分兩個階段確認。就初始確認以來信用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虧損（12個月預期信貸虧損）計提預期信貸虧損撥備。就初始確認以來信用風險大幅增加的信貸敞口而言，須就預期於敞口的餘下年期產生的信貸虧損計提虧損撥備，不論違約的時間（全期預期信貸虧損）。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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2.4 重大會計政策概要 (續)

金融資產減值 (續)

一般法 (續)

於各報告日期，本集團評估自初始確認以來金融工具的信用風險是否大幅增加。進行評估時，本集團比較金融工具在報告日期發生違約的風險及在金融工具的初始確認的日期發生違約的風險，同時考慮毋須付出過多的成本或努力即可獲得的合理及可支持的資料，包括歷史及前瞻性資料。

當合約付款逾期90天時，本集團將金融資產視為違約。然而，在某些情況下，當內部或外部資料表明本集團不太可能在考慮到本集團所持有的任何信貸升級措施之前全額收到未支付合約款項時，本集團也可將一項金融資產視為違約。金融資產在合理預期無法收回合約現金流量的情況下被撇銷。

按攤銷成本計量的金融資產乃根據一般法減值，且其於以下階段就預期信貸虧損計量予以分類，惟應用下文所述簡易法的貿易應收款項除外。

第一階段 — 信用風險自初始確認以來並無大幅增加且其虧損撥備按等於12個月預期信貸虧損的數額計量的金融工具

第二階段 — 信用風險自初始確認以來大幅增加但並非信貸減值金融資產且其虧損撥備按等於全期預期信貸虧損的數額計量的金融工具

第三階段 — 於報告日期出現信貸減值（但並非購入或源生信貸減值）且其虧損撥備按等於全期預期信貸虧損的數額計量的金融資產

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

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2.4 重大會計政策概要 (續)

金融資產減值 (續)

簡易法

就並不包含重大融資部份的貿易應收款項而言，或當本集團應用不調整重大融資部份影響的可行權宜方法時，本集團於計算預期信貸虧損時應用簡易法。根據簡易法，本集團並無追蹤信用風險的變化，但於各報告日期根據全期預期信貸虧損確認虧損撥備。本集團對基於過往信貸虧損經驗的預期虧損率進行評估，並就債務人及經濟環境的特定前瞻性因素作出調整。

就包含重大融資部份的貿易應收款項及應收租賃款項而言，本集團選擇採用簡易法與上述政策計算預期信貸虧損作為其會計政策。

金融負債

初始確認及計量

金融負債於初始確認時被分類為按公平值計入損益的金融負債、貸款及借款、應付款項或被指定為一項有效對沖的對沖工具的衍生工具（如適用）。

所有金融負債初步按公平值確認及倘為貸款及借款以及應付款項，則應減去直接應佔交易成本。

本集團的金融負債包括貿易及其他應付款項、應付相關公司款項、衍生金融工具以及計息銀行及其他借款。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has evaluated the expected loss rate that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, amounts due to the related companies, derivative financial instruments and interest-bearing bank and other borrowings.

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2.4 重大會計政策概要 (續)

金融負債 (續)

後續計量

不同類別金融負債的後續計量方法如下：

按攤銷成本計量的金融負債 (貸款及借款)

於初始確認後，計息貸款及借款隨後以實際利率法按攤銷成本計量，除非貼現影響為微不足道，在該情況下則按成本列賬。當負債終止確認以及按實際利率法進行攤銷程序時，其損益在損益內確認。

攤銷成本於計及收購事項任何折讓或溢價及屬實際利率不可或缺一部份的費用或成本後計算。實際利率攤銷計入損益的融資成本內。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

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2.4 重大會計政策概要 (續)

金融負債 (續)

後續計量 (續)

財務擔保合約

本集團發出的財務擔保合約指特定債務人於債務到期時不能按照債務工具條款償付時，要求本集團向蒙受損失的持有人賠付款額的合約。財務擔保合約按其公平值初步確認為負債，並就作出擔保直接應佔的交易成本進行調整。於初步確認後，本集團按以下兩者間的較高者計量財務擔保合約：(i)按照「金融資產減值」載列的政策釐定的預期信貸虧損撥備；及(ii)初步確認的金額減(如適用)確認的累計收入金額。

公司債券

本公司發行含有負債及提早贖回權(與主合約並無密切關連)的公司債券在初始確認時分作不同類別。於發行日期，負債及提早贖回權部份均按公平值確認。在其後期間，公司債券的負債部份使用實際利率法按攤銷成本列賬。提早贖回權按公平值計量，其公平值變化在損益中確認。與發行公司債券有關的交易成本按有關公平值的比例分配予負債及提早贖回權部份。與提早贖回權有關的交易成本即時於損益扣除。與負債部份有關的交易成本計入負債部份的賬面值，並使用實際利率法在公司債券期內攤銷。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Corporate bonds

Corporate bonds issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value. In subsequent periods, the liability component of the corporate bonds are carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss. Transaction costs that relate to the issue of the corporate bonds are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the periods of the corporate bonds using the effective interest method.

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2.4 重大會計政策概要 (續)

金融負債 (續)

後續計量 (續)

優先票據

本公司發行含有負債及提早贖回權 (與主合約並無密切關連) 的優先票據在初始確認時分作不同類別。於發行日期，負債及提早贖回權部份均按公平值確認。

在其後期間，優先票據的負債部份使用實際利率法按攤銷成本列賬。提早贖回選擇權按公平值計量，其公平值變化計入損益。

與發行優先票據有關的交易成本按有關公平值的比例分配予負債及提早贖回選擇權部份。與提早贖回選擇權有關的交易成本即時計入損益，與負債部份有關的交易成本計入負債部份的賬面值，並使用實際利率法在優先票據期內攤銷。

金融負債終止確認

當金融負債的責任已履行、取消或屆滿時，金融負債會被終止確認。

當現時金融負債被另一項由同一貸款人借出，而條款有重大不同的金融負債所取代，或當現時負債的條款被重大修訂，該取代或修訂被視為對原有負債的終止確認及對新負債的確認，而各自賬面值的差額於損益確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

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2.4 重大會計政策概要 (續)

抵銷金融工具

倘有現行可予執行的法律權利以抵銷確認金額及有意按淨額基準償付，或變現資產與清還負債同時進行，則抵銷金融資產及金融負債及於財務狀況表內呈報淨金額。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款以及可即時兌換為已知金額現金、所涉價值變動風險不高而一般自取得起計三個月內到期的短期高流動性投資，減須按要求償還的銀行透支，並構成本集團現金管理主要部份。

就綜合財務狀況表而言，現金及現金等價物包括手頭現金及用途不受限制的銀行存款（包括定期存款以及性質與現金類似的資產）。

撥備

倘因過往事件導致現時承擔責任（法定或推定責任），且日後可能須流失資源以履行責任，並能可靠估計責任的數額，則確認撥備。

倘貼現影響重大，則確認撥備的金額為預期履行責任所需未來開支於報告期末的現值。貼現現值隨時間增加的金額計入損益表中的融資成本。

本集團就銷售若干工業產品相關的擔保及為保修期內所發生缺陷的一般維修提供建設服務計提撥備。就本集團授出的該等保證型擔保計提的撥備乃根據銷量及對維修及退貨比例的過往經驗予以確認，並在適當時貼現至其現值。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

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2.4 重大會計政策概要 (續)

所得稅

所得稅包括即期及遞延稅項。與於損益以外確認項目相關的所得稅於損益以外的其他全面收益確認或直接於權益確認。

即期稅項資產及負債，乃按預期自稅務當局退回或付予稅務當局的金額，根據於報告期末已實施或實際上已實施的稅率（及稅法），以及考慮本集團經營所在國家當時的詮釋及慣例計量。

遞延稅項採用負債法就於報告期末資產及負債的稅基與兩者用作財務報告的眼面值之間的所有暫時差額計提撥備。

遞延稅項負債乃就所有應課稅暫時差額而確認，惟下列情況除外：

- 遞延稅項負債乃因在一項並非業務合併的交易中初次確認商譽、資產或負債而產生，且於交易時並不影響會計利潤或應課稅溢利或虧損；及
- 就與於附屬公司、合營企業及聯營公司的投資有關的應課稅暫時差額而言，暫時差額的撥回時間為可控制，且該等暫時差額於可見將來可能不會撥回。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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2.4 重大會計政策概要 (續)

所得稅 (續)

遞延稅項資產乃就所有可扣稅暫時差額、未動用稅項抵免和任何未動用稅項虧損的結轉而確認。遞延稅項資產的確認以將可能有應課稅溢利以動用可扣稅暫時差額、未動用稅項抵免和未動用稅項虧損的結轉作對銷為限，惟下列情況除外：

- 與可扣稅暫時差額有關的遞延稅項資產乃因在一項並非業務合併的交易中初次確認資產或負債而產生，且於交易時並不影響會計利潤及應課稅溢利或虧損；及
- 就與於附屬公司、合營企業及聯營公司的投資有關的可扣稅暫時差額而言，遞延稅項資產僅於暫時差額於可見將來有可能撥回以及將有應課稅溢利以動用暫時差額作對銷的情況下，方予確認。

於各報告期末審閱遞延稅項資產的眼面值，並於不再可能有足夠應課稅溢利以動用全部或部份遞延稅項資產時，相應扣減該眼面值。未被確認的遞延稅項資產會於各報告期末重新評估，並在可能有足夠應課稅溢利以收回全部或部份遞延稅項資產時予以確認。

遞延稅項資產及負債乃按預期適用於變現資產或清還負債期間的稅率，根據於報告期末已實施或實際上已實施的稅率（及稅法）計算。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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2.4 重大會計政策概要 (續)

所得稅 (續)

當且僅當本集團具法定執行權抵銷即期稅項資產與即期稅項負債，且遞延稅項資產及遞延稅項負債有關被同一稅務機關對同一應課稅企業或不同應課稅企業徵收所得稅，而該等企業於各預期將有龐大遞延稅項負債或資產償還或收回之未來期間按淨額基準償還即期稅項負債及資產，或同時變現資產及清償負債，遞延稅項資產可與遞延稅項負債對銷。

政府補助

倘能合理確定將會收取有關補助且符合補助附帶的所有條件，則政府補助將按公平值予以確認。倘補助與開支項目有關，即於所擬補償的成本的支銷期間內系統地確認為收入。

倘補助與資產有關，公平值將計入遞延收入賬戶，並於有關資產的預期可使用年內，以等額年金調撥至損益或從資產賬面值中扣減並以經扣減折舊開支調撥至損益。

收益確認

收益按於本集團日常業務過程中所提供之銷售物業及服務已收或應收代價之公平值計量。收益在扣除稅項後列賬。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

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

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2.4 重大會計政策概要 (續)

收益確認 (續)

銷售物業

收益於資產控制權轉移至買方時確認。資產控制權可於一段時間內或於某一時點轉移，取決於合約之條款與適用於合約之法律。倘本集團在履約過程中滿足下列條件，資產控制權於一段時間內發生轉移

- 買方同時收到且消耗由本集團履約所帶來之利益；或
- 於本集團履約時創建及增強由買方控制之資產；或
- 並無產生對本集團有替代用途之資產，且本集團就累計至今已完履約部份擁有可強制執行之付款權利。

倘資產控制權於一段時間內轉移，收益於合約期間內參照已完成履約責任之進度予以確認。否則，收益於買方獲得資產控制權之某一時點確認。

完成履約責任之進度乃基於最能描述本集團完成履約責任表現之本集團為完成履約責任所作之付出或投入計量。

於釐定交易價格時，倘融資部份屬重大，則本集團就融資部份的影響而調整已承諾之代價金額。

對於在某時點轉移物業控制權的房地產開發及銷售合約，收益於買方獲得實物所有權或已竣工物業的法定所有權且本集團現時已有權收取付款並很可能收回代價時確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Sales of properties

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

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

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the completed property and the Group has a present right to payment and the collection of the consideration is probable.

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2.4 重大會計政策概要 (續)

收益確認 (續)

物業管理服務收入

來自提供物業維護及管理服務的物業管理服務收入於提供相關服務及客戶同時取得及消耗實體履約所提供之利益時確認。

來自其他來源的收益

租金收益於租期間按時間比例基準確認。並不取決於指數或利率的可變租賃款項於產生的會計期間確認為收入。

其他收入

利息收入按應計基準以實際利率法透過採用將金融工具的估計未來所收現金在預計可使用年內貼現至金融資產賬面值淨值的利率予以確認。

股息收入於股東收取付款的權利確立、與股息相關的經濟收益可能將流入本集團及股息金額能可靠計量時確認。

合約資產

合約資產指就向客戶轉移貨品或服務而收取代價的權利。倘本集團在客戶支付代價或付款到期前透過向客戶轉移貨品或服務履約，則就附帶條件的已賺取代價確認合約資產。合約資產需進行減值評估，其詳情載於金融資產減值的會計政策內。

合約負債

於本集團轉讓相關貨品或服務前從客戶處收取付款或付款到期（以較早者為準）時確認合約負債。合約負債於本集團履行合約（即將相關貨品或服務的控制權轉讓予客戶）時確認為收益。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Property management service income

Property management service income derived from the provision of property maintenance and management services is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

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

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

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2.4 重大會計政策概要 (續)

僱員福利

本集團於中國內地營運的附屬公司的僱員須參加當地市政府實施的中央養老金計劃。該等附屬公司須就僱員該等薪金按若干百分比向中央養老金計劃供款。該等供款於根據中央養老金計劃的規則成為應付款項時自損益扣除。

借款成本

直接用於購買、興建或生產合資格資產(即需待相當時間方可達致其擬定用途或出售的資產)的借款成本一律撥充作為該等資產的部份成本。一旦資產大致可供擬定用途或出售,則有關借款成本不再撥充資本。特定借款於用作合資格資產開支前的臨時投資所賺取的投資收入於已資本化的借款成本中扣減。所有其他借款成本均於產生期間支銷。借款成本包括實體就借用資金產生的利息及其他成本。

股息

末期股息於股東大會上獲股東批准時確認為負債。擬派末期股息於財務報表附註披露。

由於本公司組織章程大綱及細則授予董事宣派中期股息的權利,故中期股息乃由董事同時擬派及宣派。因此,中期股息於擬派及宣派時即時確認為負債。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of these payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

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2.4 重大會計政策概要 (續)

外幣

該等財務報表乃以本集團的呈列貨幣人民幣呈列。本公司的功能貨幣為港元，而人民幣用作本公司財務報表的呈列貨幣，以與本集團的呈列貨幣保持一致。本集團旗下各實體確定其自身的功能貨幣，且各實體財務報表中所包含的項目均使用該功能貨幣計量。本集團旗下實體錄得的外幣交易首次按交易日期通行的相關功能貨幣適用匯率列賬。以外幣計值的貨幣資產及負債按報告期末功能貨幣的適用匯率換算。因結算或換算貨幣項目而產生的匯兌差額在損益確認。

以外幣為單位而按歷史成本入賬的非貨幣項目按首次交易日的匯率換算。以外幣為單位而按公平值計量的非貨幣項目按計量公平值當日的匯率換算。換算按公平值計量的非貨幣項目產生的收益或虧損按與確認項目公平值變動的收益或虧損一致的方式處理（即公平值收益或虧損於其他全面收益或損益中確認的項目的匯兌差額亦分別於其他全面收益或損益中確認）。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is the Hong Kong dollar while RMB is used as the presentation currency of the financial statements of the Company for the purpose of aligning with the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in 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).

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2.4 重大會計政策概要 (續)

外幣 (續)

於釐定終止確認預付代價有關之非貨幣資產或非貨幣負債之初始確認相關資產、開支或收入的匯率時，初始交易日期為本集團初始確認預付代價產生之非貨幣資產或非貨幣負債的日期。倘支付或收取多筆預付款項，本集團於支付或收取每一筆預付代價時確定交易日。

若干海外附屬公司的功能貨幣為人民幣以外的貨幣。於報告期末，該等實體的資產及負債按報告期末當時的匯率換算為人民幣，而其損益表按年度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確認並於匯兌波動儲備累計。出售外國業務時，與該項外國業務有關的其他全面收益的組成部份，會在損益確認。

因收購外國業務而產生的任何商譽及對資產與負債賬面值的公平值調整作為外國業務之資產及負債處理，並按收市匯率換算。

永續資本證券

並無訂約責任償還其本金額或支付任何分派的永續資本證券乃分類為權益的一部份。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries 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 profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Perpetual capital securities

Perpetual capital securities with no contracted obligation to repay their principal or to pay any distribution are classified as part of equity.

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3. 重大會計判斷及估計

編製本集團的財務報表時，管理層須作出會影響所呈報收益、開支、資產與負債的報告金額及其披露以及或然負債披露的判斷、估計及假設。有關該等假設及估計的不明朗因素可能導致可能須對日後受到影響的資產與負債的賬面值作出重大調整。

判斷

在應用本集團的會計政策時，除涉及估計的判斷外，管理層亦作出下列判斷，其對財務報表的已確認金額影響至為重大：

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業物業租賃。根據對有關安排條款及條件之評估，如租期不構成商用物業之經濟壽命的主要部份且最低租賃款項現值不等於商用物業之絕大部份公平值，本集團已釐定其保留該等已出租物業所有權附帶的絕大部份風險及回報，並將有關合約以經營租賃入賬。

釐定有重續選擇權合約的租期時所用重大判斷

本集團擁有多個包含延期及終止選擇權的租賃合約。本集團於評估是否行使重續或終止租賃選擇權時運用判斷。本集團將考慮所有會對行使重續或終止選擇權構成經濟激勵的相關因素。於開始日期後，如在本集團控制範圍內有影響其行使或不行使重續或終止租賃選擇權的重大事件或情況變動（例如重大租賃物業裝修或重大租賃資產定制），本集團會重新評估租期。

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:

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.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

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3. 重大會計判斷及估計 (續)

判斷 (續)

投資物業及自用物業的分類

本集團會釐定物業是否為投資物業，並已建立作出判斷的準則。投資物業為持有以賺取租金或資本增值或兩者兼有的物業。因此，本集團會考慮物業是否可主要地獨立於本集團所持有的其他資產而產生現金流量。部份物業被持作賺取租金或資本增值用途，另一部份則被持作生產、貨物及服務供應或行政用途。倘若此等部份可分別出售或根據融資租賃分別出租，則本集團將此等部份分別列賬。倘若該等部份無法分別出售，則只能於不重要部份作生產、貨物及服務供應或行政用途時，該物業方列為投資物業。按個別物業判斷以決定配套服務之重大程度是否足以使物業不再列為投資物業。

投資物業及持作出售已竣工物業的分類

本集團開發持作出售物業及持作賺取租金及／或資本增值的物業。管理層就釐定物業是否指定為投資物業或持作出售物業作出判斷。本集團於相關物業初期發展階段考慮其持有物業的意向。於建造過程中，倘物業擬於竣工後出售，則相關在建物業入賬列作在建物業，計入流動資產，然而，倘物業擬持作賺取租金及／或資本增值，則物業入賬列作在建投資物業，計入投資物業。於物業竣工後，持作出售物業轉撥至持作出售已竣工物業，並按成本列賬，而持作賺取租金及／或資本增值的物業轉撥至已竣工投資物業。在建及已竣工投資物業須於各報告期末進行重估。

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 completed properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

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3. 重大會計判斷及估計 (續)

估計不明朗因素

下文闡述有關未來的主要假設及於報告期末估計不明朗因素的其他主要來源，其具有導致對下個財政年度的資產與負債賬面金額作出重大調整的重大風險。

貿易應收款項及預付款項、其他應收款項及其他資產之預期信貸虧損撥備

本集團使用撥備矩陣計算貿易應收款項及預付款項、其他應收款項及其他資產之預期信貸虧損。撥備率乃基於擁有類似虧損模式（即地區、產品類別、客戶類別及評級以及信用證及其他信貸保險形式的保障範圍）的多個客戶分部組別的逾期日數釐定。

預期虧損率最初基於本集團的歷史觀察違約率。本集團將通過調整矩陣以調整歷史信貸虧損經驗與前瞻性資料。例如，倘預測經濟狀況（如國內生產總值）預期將於未來一年內惡化，這可能導致物業行業違約數量增加，歷史違約率將得到調整。歷史觀察違約率於各報告日期進行更新，並對前瞻性估計的變動進行分析。

對歷史觀察違約率、預測經濟狀況及預期信貸虧損之間相關性的評估是一項重要的估計。預期信貸虧損之金額與環境及預測經濟狀況的變動敏感。本集團的歷史信貸虧損經驗及經濟狀況預測亦可能無法代表未來客戶的實際違約。有關本集團貿易應收款項及預付款項、其他應收款項及其他資產預期信貸虧損的資料分別於財務報表附註23及附註24披露。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables and prepayments, other receivables and other assets

The Group uses a provision matrix to calculate ECLs for trade receivables and prepayments, other receivables and other assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The expected loss rate is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the properties sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and prepayments, other receivables and other assets is disclosed in note 23 and note 24 to the financial statements, respectively.

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3. 重大會計判斷及估計 (續)

估計不明朗因素 (續)

開發中物業及持作出售已竣工物業的撥備

本集團的開發中物業及持作出售已竣工物業以成本與可變現淨值的較低者入賬。本集團根據以往的經驗及所涉物業的性質估計開發中物業的售價與竣工成本，以及根據當前市況估計銷售物業將產生的費用。

倘竣工成本增加而銷售淨值降低，則可變現淨值會減少，可能導致須就開發中物業及持作出售已竣工物業作出撥備。作出相關撥備時須運用判斷及估計。倘預期有別於原先估計，則會於變更估計期間相應調整物業賬面值及撥備。

租賃 — 估算增量借款利率

本集團無法輕易釐定租賃內所隱含的利率，因此，使用增量借款利率（「增量借款利率」）計量租賃負債。增量借款利率為本集團於類似經濟環境中為取得與使用權資產價值相近的資產，而以類似抵押品與類似期限借入所需資金應支付的利率。因此，增量借款利率反映了本集團「應支付」的利率，當無可觀察的利率時（如就並無訂立融資交易之附屬公司而言）或當須對利率進行調整以反映租賃的條款及條件時（如當租賃並非以附屬公司的功能貨幣訂立時），則須作出利率估計。當可觀察輸入數據（如市場利率）可用時，本集團使用可觀察輸入數據估算增量借款利率並須作出若干實體特定的估計（如附屬公司獨立的信用評級）。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Provision for properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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3. 重大會計判斷及估計 (續)

估計不明朗因素 (續)

中國企業所得稅 (「企業所得稅」)

本集團須繳納中國企業所得稅。由於地方稅務局尚未確認有關所得稅的若干事宜，故釐定所得稅撥備時須根據目前已頒佈的稅法、法規及其他相關政策作出客觀估計及判斷。倘該等事項的最終稅款數額有別於原已記錄的數額，則差額會影響差額變現期間的所得稅及稅項撥備。

中國土地增值稅 (「土地增值稅」)

本集團須繳納中國土地增值稅。土地增值稅撥備根據管理層對中國相關稅務法律及法規所載規定的理解所作最佳估計計提。實際的土地增值稅負債須待物業發展項目竣工後由稅務機關釐定。本集團尚未就其全部物業發展項目與稅務機關最終確定土地增值稅的計算及付款。最終結果可能與初步入賬的金額不同，差額會影響差額變現期間的土地增值稅開支及相關撥備。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimation and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for all its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

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3. 重大會計判斷及估計 (續)

估計不明朗因素 (續)

投資物業公平值估計

若無類似物業在活躍市場的現價，本集團將考慮來自多種來源之資料，其中包括：

- (a) 不同性質、狀況或地點之物業於活躍市場之現有價格（經調整以反映各項差異）；
- (b) 活躍程度稍遜之市場所提供同類物業近期價格（經調整以反映自按該等價格進行交易當日以來經濟狀況之任何變動）；及
- (c) 根據未來現金流量所作可靠估計預測之經貼現現金流量，此項預測以任何現有租賃及其他合約之條款以及（在可行情況下）外來證據（如地點及狀況相同之類似物業現有市場租值）為憑證，並採用可反映有關現金流量金額及時間不明朗因素當時市場評估之貼現率。

於二零二零年十二月三十一日，投資物業之賬面值為人民幣10,615,200,000元（二零一九年：人民幣9,377,800,000元）。進一步詳情（包括用作公平值計量之主要假設）載於財務報表附註14。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

At 31 December 2020, the carrying amount of investment properties was RMB10,615,200,000 (2019: RMB9,377,800,000). Further details, including the key assumptions used for fair value measurement, are given in note 14 to the financial statements.

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二零二零年十二月三十一日
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3. 重大會計判斷及估計 (續)

估計不明朗因素 (續)

非金融資產 (商譽除外) 減值

本集團於各報告期末評估所有非金融資產 (包括使用權資產) 有否任何減值跡象。具無限年期之無形資產每年及於存在減值跡象時進行減值測試。其他非金融資產在有跡象顯示賬面值可能無法收回時進行減值測試。倘資產的賬面值或現金產生單位超逾其可收回金額 (即公平值減出售成本與使用價值的較高者)，則視為已減值。公平值減出售成本按自同類資產公平交易中具約束力的銷售交易的可得數據或可觀察市價減出售資產的增量成本計算。倘採用使用價值計算，則管理層須估計資產或現金產生單位的預計未來現金流量，選取合適的貼現率以計算該等現金流量的現值。

遞延稅項資產

倘可能具有應課稅溢利抵銷可動用的虧損，未動用稅務虧損被確認為遞延稅項資產。這需要管理層運用大量的判斷來估計未來應課稅溢利發生的時間及金額，連同未來稅務計劃策略，以決定應確認的遞延稅項資產的金額。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

財務報表附註

Notes to Financial Statements

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4. 經營分部資料

管理層按項目位置監控本集團業務（包括房地產開發及租賃及商業物業管理）的經營業績，以對資源分配及表現評估作出決策，且任一單一位置的收入、溢利淨額或總資產分別不會超過本集團綜合收入、溢利淨額或總資產的10%。由於所有位置具備類似經濟特徵，而該等位置的房地產開發及租賃與管理的性質、上述業務流程的性質、上述業務的客戶類型或級別以及分配財產或提供服務所用方法類似，因而所有位置乃歸總為一個可報告經營分部。

地區資料

由於本集團來自外部顧客的收益僅自其於中國內地的經營所得且本集團並無非流動資產位於中國內地境外，故並無呈列地區資料。

有關主要客戶的資料

於報告期末，對單一客戶或共同控制下的一組客戶的銷售並無佔本集團收益的10%或以上。

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and leasing and commercial property management by project locations for the purpose of making decisions about resource allocation and performance assessment, while no single location's revenue, net profit or total assets exceed 10% of the Group's consolidated revenue, net profit or total assets, respectively. As the economic characteristics are similar in all the locations, where the nature of property development and leasing and management are similar, and the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services are also similar, all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue at the end of the reporting period.

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
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5. 收益、其他收入及收益

對收益的分析如下：

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
收益	Revenue		
客戶合約收益	Revenue from contracts with customers	36,007,173	32,423,362
來自其他來源的收益	Revenue from other sources		
來自投資物業經營租賃的 租金收入總額：	Gross rental income from investment property operating leases:		
租賃款項，包括固定款項	Lease payments, including fixed payments	118,916	134,298
		36,126,089	32,557,660

客戶合約收益

(i) 分類收益資料

Revenue from contracts with customers

(i) Disaggregated revenue information

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
貨物或服務類型	Types of goods or services		
銷售物業	Sale of properties	35,601,372	32,184,576
銷售貨物	Sale of goods	77,703	—
物業管理服務	Property management services	88,118	85,492
管理諮詢服務	Management consulting services	239,980	153,294
來自客戶合約之總收益	Total revenue from contracts with customers	36,007,173	32,423,362
收益確認時間：	Timing of revenue recognition:		
物業或貨物於某一時間點轉移	Properties or goods transferred at a point in time	35,679,075	32,184,576
服務隨時間轉移	Services transferred over time	328,098	238,786
來自客戶合約之總收益	Total revenue from contracts with customers	36,007,173	32,423,362

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

5. 收益、其他收入及收益 (續)

客戶合約收益 (續)

(i) 分類收益資料 (續)

下表載列計入報告期初合約負債及就於過往期間達成的履約責任而確認的於本報告期間確認的收益金額：

計入報告期初合約負債的已確認收益：

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	21,349,190	29,516,507

(ii) 履約責任

有關本集團履約責任的資料概述如下：

物業銷售

就物業銷售合約而言，本集團於買方獲得實物所有權或已竣工物業的法定所有權時將收益確認為相等於合約金額。

銷售貨物

銷售貨物的收益於貨物的控制權轉移至客戶時（即貨物交付予客戶之時點）確認。交易價格於客戶接收材料時即時到期支付。

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

For property sales contracts, the Group recognises revenue equal to the contract amount when the purchaser obtains the physical possession or the legal title of the completed property.

Sale of goods

Revenue from sales of goods is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Payment of the transaction price is due immediately at the point the customer has accepted the materials.

財務報表附註

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5. 收益、其他收入及收益 (續)

客戶合約收益 (續)

(ii) 履約責任 (續)

物業管理服務

就物業管理服務合約而言，在有權開具發票的金額與本集團至今表現對於客戶的價值直接聯繫時，本集團按月將收益確認為相等於有權開具發票的金額。大部分物業管理服務合約並無固定期限。

管理諮詢服務

就管理諮詢服務而言，在有權開具發票的金額與本集團至今表現對於客戶的價值直接聯繫時，本集團將收益確認為相等於有權開具發票的金額。大部分管理諮詢服務合約並無固定期限。交付前及諮詢服務合約的期限一般設定為於合約方告知本集團不再需要該等服務時屆滿。

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations (Continued)

Property management services

For property management services contracts, the Group recognises revenue equal to the right to invoice amount when it corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The majority of the property management service contracts do not have a fixed term.

Management consulting services

For management consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The majority of the management consulting service contracts do not have a fixed term. The term of the contracts for pre-delivery and consulting services is generally set to expire when the counterparties notify the Group that the services are no longer required.

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5. 收益、其他收入及收益 (續)

客戶合約收益 (續)

(ii) 履約責任 (續)

管理諮詢服務 (續)

其他收入及收益分析如下：

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations (Continued)

Management consulting services (Continued)

An analysis of other income and gains is as follows:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
其他收入	Other income		
利息收入	Interest income	578,680	373,261
其他	Others	7,785	7,731
		586,465	380,992
收益	Gains		
匯兌收益	Exchange gain	64,351	4,866
政府補助	Government grants	14,986	14,891
沒收按金	Forfeiture of deposits	14,959	14,543
出售附屬公司的收益 (附註38)	Gain on disposal of subsidiaries (note 38)	100,077	54,961
折價收購收益 (附註37)	Gain on bargain purchase (note 37)	21,751	—
業務合併之前於合營企業及 聯營公司所持投資之 重新計量收益	Remeasurement gain on investment in joint ventures and associates held before business combination	166,329	—
出售物業、廠房及設備項目的收益	Gain on disposal of items of property, plant and equipment	2,907	878
		385,360	90,139
		971,825	471,131

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6. 除稅前溢利

本集團除稅前溢利乃自以下各項扣除／
(計入) 後達致：

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		附註 Notes	二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
已存貨成本	Cost of properties sold	22	29,015,470	26,140,970
持作出售已竣工物業的 減值虧損撇銷	Impairment losses written off for completed properties held for sale	22	(30,108)	(227,701)
開發中物業確認的減值虧損	Impairment losses recognised for properties under development	21	118,646	66,456
物業、廠房及設備項目折舊	Depreciation of items of property, plant and equipment	13	57,309	57,679
使用權資產折舊	Depreciation of right-of-use assets	15	47,865	44,224
攤銷其他無形資產	Amortisation of other intangible assets	16	3,023	4,906
出售物業、廠房及設備項目的 收益淨額	Gain on disposal of items of property plant and equipment, net		(2,754)	(785)
出售附屬公司的收益	Gain on disposal of subsidiaries	38	(100,077)	(54,961)
核數師薪酬	Auditors' remuneration		11,238	10,717
金融資產減值虧損淨額	Impairment losses on financial assets, net	24	5,087	482
僱員福利開支(包括董事及 最高行政人員薪酬(附註8))：	Employee benefit expense (including directors' and chief executive's remuneration (note 8):			
薪金及工資	Wages and salaries		610,134	580,518
養老金計劃供款及社會福利	Pension scheme contributions and social welfare		66,844	79,968

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7. 融資成本

融資成本的分析如下：

7. FINANCE COSTS

An analysis of finance costs is as follows:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
計息銀行及其他借款、 公司債券、優先票據以及 資產支持證券所得款項的利息	Interest on interest-bearing bank and other borrowings, corporate bonds, senior notes and proceeds from asset-backed securities	4,996,793	4,500,931
收益合約產生的利息開支	Interest expense arising from revenue contracts	598,976	558,799
租賃負債利息	Interest on lease liabilities	6,619	6,591
並非按公平值計入損益的 金融負債的利息開支總額	Total interest expense on financial liabilities not at fair value through profit or loss	5,602,388	5,066,321
減：資本化利息	Less: Interest capitalised	(5,097,592)	(4,582,230)
		504,796	484,091

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8. 董事的薪酬

根據上市規則、香港公司條例第383(1)(a)、(b)、(c)及(f)條以及公司(披露董事利益資料)規例第2部披露的本年度董事及最高行政人員薪酬如下：

8. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
袍金	Fees	900	900
其他酬金：	Other emoluments:		
工資、津貼及實物福利	Salaries, allowances and benefits in kind	16,407	20,438
表現掛鈎花紅*	Performance-related bonuses*	8,143	6,698
養老金計劃供款及社會福利	Pension scheme contributions and social welfare	220	474
		24,770	27,610
		25,670	28,510

* 本公司若干執行董事有權獲得與本集團除稅後溢利相關的花紅付款。

* Certain executive directors of the Company are entitled to bonus payments which are associated with the profit after tax of the Group.

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8. 董事的薪酬 (續)

(a) 獨立非執行董事

年內支付予獨立非執行董事的袍金如下：

袍金	Fees
— 陸海林先生	— Mr. Loke Yu
— 沈國權先生	— Mr. Shen Guoquan
— 王傳序先生	— Mr. Wang Chuanxu
— 林華先生	— Mr. Lin Hua

沈國權先生於二零一九年六月六日辭任獨立非執行董事，而林華先生已於同日獲委任為獨立非執行董事。

年內，並無其他應付獨立非執行董事的薪酬(二零一九年：無)。

8. DIRECTORS' REMUNERATION (Continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
300	300
—	155
300	300
300	145
900	900

Mr. Shen Guoquan resigned as an independent non-executive director on 6 June 2019 and Mr. Lin Hua was appointed as an independent non-executive director on the same date.

There were no other emoluments payable to the independent non-executive directors during the year (2019: Nil).

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8. 董事的薪酬 (續)

(b) 執行董事、非執行董事及最高行政人員

8. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive

		工資、津貼 及實物福利 Salaries, allowances and benefits in kind 人民幣千元 RMB'000	表現 掛鈎花紅 Performance- related bonuses 人民幣千元 RMB'000	股本結算以 股份為基礎 的付款開支 Equity-settled share-based payment expenses 人民幣千元 RMB'000	養老金計劃 供款及 社會福利 Pension scheme contributions and social welfare 人民幣千元 RMB'000	薪酬總計 Total remuneration 人民幣千元 RMB'000
二零二零年	2020					
執行董事：	Executive directors:					
– 黃仙枝先生	– Mr. Huang Xianzhi	—	3,200	1,450	68	4,718
– 陳偉健先生	– Mr. Chan Wai Kin	—	7,640	3,350	16	11,006
– 劉偉亮先生	– Mr. Liu Weiliang	—	1,823	1,510	40	3,373
非執行董事：	Non-executive directors:					
– 歐國強先生	– Mr. Ou Guoqiang	—	852	—	28	880
– 歐國偉先生	– Mr. Ou Guowei	—	2,893	1,833	68	4,794
		—	16,408	8,143	220	24,771

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8. 董事的薪酬 (續)

(b) 執行董事、非執行董事及最高行政人員 (續)

			工資、津貼 及實物福利 Salaries, allowances and benefits 袍金 Fees 人民幣千元 RMB'000	表現 掛鈎花紅 Performance- related bonuses 人民幣千元 RMB'000	股本結算以 股份為基礎 的付款開支 Equity-settled share-based payment expenses 人民幣千元 RMB'000	養老金計劃 供款及 社會福利 Pension scheme contributions and social welfare 人民幣千元 RMB'000	薪酬總計 Total remuneration 人民幣千元 RMB'000
二零一九年	2019						
執行董事：	Executive directors:						
— 黃仙枝先生	— Mr. Huang Xianzhi	—	3,197	1,050	—	114	4,361
— 陳偉健先生	— Mr. Chan Wai Kin	—	7,371	4,948	—	18	12,337
— 王本龍先生	— Mr. Wang Benlong	—	4,148	—	—	114	4,262
		—	14,716	5,998	—	246	20,960
非執行董事：	Non-executive directors:						
— 歐國強先生	— Mr. Ou Guoqiang	—	2,861	350	—	114	3,325
— 歐國偉先生	— Mr. Ou Guowei	—	2,861	350	—	114	3,325
		—	5,722	700	—	228	6,650
		—	20,438	6,698	—	474	27,610

本公司副總裁劉偉亮先生獲委任為執行董事，自二零二零年五月二十二日起生效。於二零二零年六月八日，歐國強退任非執行董事。

截至二零二零年十二月三十一日止年度，本集團並無向任何董事支付任何酬金（作為加入本集團或加入本集團後的獎勵），亦無向任何現任董事或前任董事支付任何酬金（作為離職補償）（二零一九年：無）。

年內，概無董事或最高行政人員放棄或同意放棄任何薪酬的安排。

Mr. Liu Weiliang, the vice president of the Company, has been appointed as an executive director with effect from 22 May 2020. Mr. Ou Guoqiang resigned as a non-executive director on 8 June 2020.

During the year ended 31 December 2020, no emolument was paid by the Group to any of the directors as an inducement to join or upon joining the Group or to any directors or past directors as compensation for loss of office (2019: nil).

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

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9. 五名最高薪酬僱員

年內，五名最高薪酬僱員包括三名董事（二零二零年：三名董事），其薪酬詳情載於上文附註8。並非本公司董事或最高行政人員的餘下兩名（二零二零年：兩名）最高薪酬僱員年內的薪酬詳情如下：

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
工資、津貼及實物福利	Salaries, allowances and benefits in kind	5,240	5,851
表現掛鉤花紅	Performance-related bonuses	4,035	2,645
養老金計劃供款及社會福利	Pension scheme contributions and social welfare	146	178
		9,421	8,674

薪酬位於以下範圍的非董事及非最高行政人員最高薪酬僱員人數如下：

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2020: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2020: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

		僱員人數 Number of employees	
		二零二零年 2020	二零一九年 2019
2,500,001港元至5,000,000港元	HK\$2,500,001 to HK\$5,000,000	—	2
5,000,001港元至5,500,000港元	HK\$5,000,001 to HK\$5,500,000	1	—
6,000,001港元至6,500,000港元	HK\$6,000,001 to HK\$6,500,000	1	—
		2	2

截至二零二零年十二月三十一日止年度，本集團並無向任何五位最高薪酬僱員支付任何酬金，作為加入本集團或加入本集團後的獎勵或作為離職補償（二零一九年：無）。

During the year ended 31 December 2020, no emolument was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office (2019: nil).

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10. 所得稅

本集團須就本集團成員公司註冊及經營所在稅務司法權區產生及源自其的溢利按實體基準繳納所得稅。根據開曼群島及英屬處女群島的規則及法規，本集團於開曼群島及英屬處女群島註冊成立的附屬公司毋須繳納任何所得稅。本集團於香港註冊成立的附屬公司毋須繳納所得稅，因為該等公司於截至二零二零年十二月三十一日止年度並無現時於香港產生的任何應課稅溢利。

本集團於中國內地經營的附屬公司於年內須按25%的稅率繳納中國企業所得稅。

土地增值稅乃按照30%至60%的累進稅率對土地增值額徵收，土地增值額為出售物業所得款項減可扣減開支（包括土地成本、借款成本及其他房地產開發支出）。本集團根據有關中國內地稅務法律及法規的規定為土地增值稅估計、作出及計提稅項撥備。土地增值稅撥備須由當地稅務機關進行最終審核及批准。

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2020.

Subsidiaries of the Group operating in Mainland China were subject to PRC CIT at a rate of 25% for the year.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
即期稅項：	Current tax:		
中國企業所得稅	PRC CIT	1,816,771	1,330,378
中國土地增值稅	PRC LAT	1,009,475	872,547
遞延稅項（附註19）	Deferred tax (note 19)	(558,275)	(265,278)
年內稅項支出總額	Total tax charge for the year	2,267,971	1,937,647

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10. 所得稅 (續)

本公司及其大部份附屬公司註冊所在司法權區按法定稅率計算的除稅前溢利適用的所得稅開支與按實際所得稅率計算的所得稅開支對賬，以及適用稅率（即法定稅率）與實際稅率的對賬如下：

10. INCOME TAX (Continued)

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate are as follows:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
除稅前溢利	Profit before tax	5,826,905	5,031,631
按法定所得稅率計算	At the statutory income tax rate	1,456,726	1,257,908
合營企業及聯營公司應佔溢利及虧損	Profits and losses attributable to joint ventures and associates	(144,790)	(130,233)
不可扣稅開支	Expenses not deductible for tax	21,190	23,164
過往年度利用的稅務虧損及可扣減暫時差異	Tax losses and deductible temporary differences utilised from previous years	(167,121)	(147,664)
未確認的可扣減暫時差異	Deductible temporary differences not recognised	168,172	111,206
未確認的稅務虧損	Tax losses not recognised	176,688	168,796
土地增值稅撥備	Provision for LAT	1,009,475	872,547
土地增值稅的稅務影響	Tax effect on LAT	(252,369)	(218,077)
按本集團實際稅率計算的稅項費用	Tax charge at the Group's effective rate	2,267,971	1,937,647

年內，合營企業及聯營公司應佔的稅項費用為人民幣678,670,000元（二零一九年：人民幣520,249,000元）。本年度合營企業及聯營公司應佔的稅項抵免人民幣871,723,000元（二零一九年：人民幣693,893,000元）於綜合損益表內列作「合營企業及聯營公司應佔溢利及虧損」。

The share of tax charge attributable to joint ventures and associates amounted to RMB678,670,000 for the year (2019: RMB520,249,000). The share of tax credit attributable to joint ventures and associates amounting to RMB871,723,000 for the year (2019: RMB693,893,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

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10. 所得稅 (續)

綜合財務狀況表內的應付稅項指：

10. INCOME TAX (Continued)

Tax payable in the consolidated statement of financial position represents:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
應付中國企業所得稅	PRC CIT payable	2,642,994	1,397,227
應付中國土地增值稅	PRC LAT payable	1,757,737	1,431,594
應付稅項總額	Total tax payable	4,400,731	2,828,821

11. 股息

11. DIVIDENDS

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
擬派末期股息－每股普通股 0.15 港元 (二零一九年：0.1 港元)	Proposed final – HK\$0.15 (2019: HK\$0.1) per ordinary share	551,261	396,763

本年度擬派末期股息須取得本公司股東於應屆股東週年大會之批准。

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. 母公司普通權益持有人應佔每股盈利

每股基本盈利乃根據母公司普通權益持有人應佔本年度溢利以及年內已發行普通股加權平均數4,367,756,000股 (二零一九年：4,226,937,479股) 計算。

截至二零二零年及二零一九年十二月三十一日止年度每股基本盈利金額所用的普通股加權平均數乃基於以下各項計算：本公司於二零一九年一月一日的4,123,000,000股股份。於二零一九年七月三十日，本公司244,756,000股股份已按每股4.95港元的價格配售予特定投資者。

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,367,756,000 (2019: 4,226,937,479) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amounts for the years ended 31 December 2020 and 2019 was based on 4,123,000,000 shares of the Company as at 1 January 2019. On 30 July 2019, 244,756,000 shares of the Company were placed to a certain investor at a price of HK\$4.95 per share.

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12. 母公司普通權益持有人應佔每股盈利 (續)

由於本集團於截至二零二零年及二零一九年十二月三十一日止年度並無已發行潛在攤薄普通股，故並未就截至二零二零年及二零一九年十二月三十一日止年度呈列之每股基本盈利作出攤薄調整。

每股基本及攤薄盈利金額乃根據以下項目計算：

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(Continued)

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

The calculations of the basic and diluted earnings per share amounts are based on:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
盈利	Earnings		
母公司普通權益持有人應佔溢利	Profit attributable to ordinary equity holders of the parent	2,650,744	2,506,405
股份	Shares		
年內已發行普通股的加權平均數	Weighted average number of ordinary shares in issue during the year	4,367,756,000	4,226,937,479
每股盈利	Earnings per share		
基本及攤薄	Basic and diluted	人民幣0.61元 RMB0.61	人民幣0.59元 RMB0.59

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13. 物業、廠房及設備

13. PROPERTY, PLANT AND EQUIPMENT

		樓宇 Buildings 人民幣千元 RMB'000	機動車 Motor vehicles 人民幣千元 RMB'000	辦公設備 及電子裝置 Office equipment and electronic devices 人民幣千元 RMB'000	租賃 改良工程 Leasehold improvements 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
二零二零年 十二月三十一日	31 December 2020					
於二零二零年一月一日	At 1 January 2020					
成本	Cost	523,254	84,801	52,380	91,595	752,030
累計折舊	Accumulated depreciation	(24,855)	(64,471)	(41,996)	(40,938)	(172,260)
賬面淨值	Net carrying amount	498,399	20,330	10,384	50,657	579,770
於二零二零年一月一日	At 1 January 2020	498,399	20,330	10,384	50,657	579,770
添置	Additions	2,078	1,638	5,007	25,343	34,066
出售	Disposals	—	(2,228)	(169)	—	(2,397)
收購附屬公司	Acquisition of subsidiaries	—	804	5,867	952	7,623
出售附屬公司	Disposal of subsidiaries	—	—	(336)	(7)	(343)
年度折舊撥備	Depreciation provided during the year	(24,956)	(5,995)	(8,063)	(18,295)	(57,309)
於二零二零年 十二月三十一日， 扣除累計折舊	At 31 December 2020, net of accumulated depreciation	475,521	14,549	12,690	58,650	561,410
於二零二零年 十二月三十一日	At 31 December 2020					
成本	Cost	525,332	85,115	63,549	118,022	792,018
累計折舊	Accumulated depreciation	(49,811)	(70,566)	(50,859)	(59,372)	(230,608)
賬面淨值	Net carrying amount	475,521	14,549	12,690	58,650	561,410

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13. 物業、廠房及設備 (續)

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

		樓宇 Buildings 人民幣千元 RMB'000	機動車 Motor vehicles 人民幣千元 RMB'000	辦公設備 及電子裝置 Office equipment and electronic devices 人民幣千元 RMB'000	租賃 改良工程 Leasehold improvements 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
二零一九年 十二月三十一日	31 December 2019					
於二零一九年 一月一日	At 1 January 2019					
成本	Cost	501,493	95,458	55,016	102,609	754,576
累計折舊	Accumulated depreciation	—	(69,302)	(41,136)	(41,249)	(151,687)
賬面淨值	Net carrying amount	501,493	26,156	13,880	61,360	602,889
於二零一九年一月一日	At 1 January 2019	501,493	26,156	13,880	61,360	602,889
添置	Additions	21,761	2,311	2,613	10,100	36,785
出售	Disposals	—	(1,231)	(441)	(557)	(2,229)
收購附屬公司	Acquisition of subsidiaries	—	—	89	—	89
出售附屬公司	Disposal of subsidiaries	—	(45)	(40)	—	(85)
年度折舊撥備	Depreciation provided during the year	(24,855)	(6,861)	(5,717)	(20,246)	(57,679)
於二零一九年 十二月三十一日， 扣除累計折舊	At 31 December 2019, net of accumulated depreciation	498,399	20,330	10,384	50,657	579,770
於二零一九年 十二月三十一日	At 31 December 2019					
成本	Cost	523,254	84,801	52,380	91,595	752,030
累計折舊	Accumulated depreciation	(24,855)	(64,471)	(41,996)	(40,938)	(172,260)
賬面淨值	Net carrying amount	498,399	20,330	10,384	50,657	579,770

於二零二零年十二月三十一日，本集團賬面淨值約人民幣零元(二零一九年：人民幣250,953,000元)的物業、廠房及設備已質押，為本集團獲授的銀行及其他借款作抵押(附註29)。

As at 31 December 2020, the Group's property, plant and equipment with a net carrying amount of approximately nil (2019: RMB250,953,000) were pledged to secure bank and other borrowings granted to the Group (note 29).

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14. 投資物業

14. INVESTMENT PROPERTIES

		在建 Under construction 人民幣千元 RMB'000	已竣工 Completed 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
於二零一九年一月一日 的眼面值	Carrying amount at 1 January 2019	2,490,300	5,971,600	8,461,900
添置	Additions	539,849	—	539,849
轉撥自開發中物業(附註21)	Transferred from properties under development (note 21)	49,544	—	49,544
轉撥	Transfer	(193,496)	193,496	—
公平值調整所得收益淨額	Net gain from a fair value adjustment	196,003	130,504	326,507
於二零一九年十二月三十一日及 二零二零年一月一日的眼面值	Carrying amount at 31 December 2019 and 1 January 2020	3,082,200	6,295,600	9,377,800
添置	Additions	668,875	—	668,875
轉撥自開發中物業(附註21)	Transferred from properties under development (note 21)	244,565	—	244,565
轉撥	Transfer	(41,887)	41,887	—
公平值調整所得收益淨額	Net gain from a fair value adjustment	326,647	(2,687)	323,960
於二零二零年十二月三十一日 的眼面值	Carrying amount at 31 December 2020	4,280,400	6,334,800	10,615,200

集團的投資物業位於中國內地。本集團的投資物業乃基於獨立專業合資格估值師仲量聯行企業評估及諮詢有限公司(「仲量聯行」)的評估於二零二零年十二月三十一日重估為人民幣10,615,200,000元(二零一九年：人民幣9,377,800,000元)。本集團的高級財務經理及財務總監經本公司董事會批准後決定委任外部估值師負責本集團物業的外部估值。甄選標準包括市場知識、聲譽、獨立性及是否保持專業標準。本集團的高級財務經理及財務總監已與估值師就進行財務報告估值的估值假設及估值結果進行討論。

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2020 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, at RMB10,615,200,000 (2019: RMB9,377,800,000). The Group's senior finance manager and the chief financial officer decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

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14. 投資物業 (續)

於二零二零年十二月三十一日，本集團總賬面值約人民幣9,092,900,000元(二零一九年：人民幣4,315,382,000元)的投資物業已質押，為本集團獲授的銀行及其他借款作抵押(附註29)。

公平值層級

下表說明本集團投資物業的公平值計量層級：

14. INVESTMENT PROPERTIES (Continued)

As at 31 December 2020, the Group's investment properties with an aggregate carrying amount of approximately RMB9,092,900,000 (2019: RMB4,315,382,000) were pledged to secure bank and other borrowings granted to the Group (note 29).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

		於二零二零年十二月三十一日 使用以下級別的公平值計量 Fair value measurement as at 31 December 2020 using			
		活躍市場 之報價 (第一級) Quoted prices in active markets (Level 1) 人民幣千元 RMB'000	重大可觀察 輸入數據 (第二級) Significant observable inputs (Level 2) 人民幣千元 RMB'000	重大不可觀察 輸入數據 (第三級) Significant unobservable inputs (Level 3) 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
就以下項目進行的 經常性公平值計量：	Recurring fair value measurement for:				
已竣工商業物業	Completed commercial properties	—	—	6,334,800	6,334,800
在建商業物業	Commercial properties under construction	—	—	4,280,400	4,280,400
		—	—	10,615,200	10,615,200

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14. 投資物業 (續)

公平值層級 (續)

下表說明本集團投資物業的公平值計量層級：(續)

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

The following table illustrates the fair value measurement hierarchy of the Group's investment properties: (continued)

於二零一九年十二月三十一日
使用以下級別的公平值計量

Fair value measurement as at 31 December 2019 using

		活躍市場 之報價 (第一級) Quoted prices in active markets (Level 1) 人民幣千元 RMB'000			總計 Total 人民幣千元 RMB'000
		重大可觀察 輸入數據 (第二級) Significant observable inputs (Level 2) 人民幣千元 RMB'000	重大不可觀察 輸入數據 (第三級) Significant unobservable inputs (Level 3) 人民幣千元 RMB'000		
就以下項目進行的 經常性公平值計量：	Recurring fair value measurement for:				
已竣工商業物業	Completed commercial properties	—	—	6,295,600	6,295,600
在建商業物業	Commercial properties under construction	—	—	3,082,200	3,082,200
		—	—	9,377,800	9,377,800

年內，第一級與第二級之間並無公平值計量的轉撥，亦無轉撥至或轉撥自第三級 (二零一九年：無)。

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2019: Nil).

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14. 投資物業 (續)

公平值層級 (續)

以下為投資物業估值所用的估值方法及
主要輸入數據概要：

	估值技術 Valuation techniques	重大不可觀察輸入數據 Significant unobservable inputs
已竣工商業物業 Completed commercial properties	收入資本化法 Income capitalisation method	估計租金 (人民幣／每平方米及每月) Estimated rental value (RMB per sq.m. and per month) 資本化比率 Capitalisation rate
在建商業物業 Commercial properties under construction	比較法 Comparison method	預期利潤率 Expected profit margin

已竣工商業物業的公平值乃通過收入資本化法釐定，方法是通過計及有關物業因現有租約而產生及／或在現行市況下可能取得的租金收入淨額（就租約的潛在續租收入作出充分撥備），然後加以資本化，以按適當的資本化比率釐定公平值。亦會在適當情況下參考相關市場上可獲得的可資比較銷售交易。

估計租金大幅增加／（減少）將導致投資物業的公平值大幅增加／（減少）。資本化比率大幅增加／（減少）將導致投資物業的公平值大幅減少／（增加）。

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	範圍或加權平均 Range or weighted average	二零二零年 2020	二零一九年 2019
估計租金 (人民幣／每平方米及每月) Estimated rental value (RMB per sq.m. and per month)		32-256	31-256
資本化比率 Capitalisation rate		3.5%-5%	3.5%-5%
預期利潤率 Expected profit margin		10%-15%	15%

The fair value of completed commercial properties is determined by the income capitalisation method, taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

A significant increase/(decrease) in the estimated rental value would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate would result in a significant decrease/(increase) in the fair value of the investment properties.

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14. 投資物業 (續)

公平值層級 (續)

在建商業物業的公平值使用比較法釐定，經參考相關市場上可獲得的可資比較交易個案並（如適用）經扣除以下項目後得出物業的公平值（假設其已竣工）：

- 市場參與者完成物業將產生的估計建築成本及專業費用；及
- 市場參與者將房地產開發至竣工所要求持有的估計利潤率。

估計建築成本越高，將會導致在建投資物業公平值越低。預期利潤率越高，將會導致在建投資物業公平值越低。

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

The fair value of commercial properties under construction is determined by using the comparison method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the property assuming it was completed and, where appropriate, after deducting the following items:

- Estimated construction costs and professional fees to be expensed to complete the properties that would be incurred by a market participant; and
- Estimated profit margin that a market participant would require to hold and develop the property to completion.

The higher the estimated construction costs, the lower the fair value of the investment properties under construction would be resulted. The higher expected profit margin, the lower fair value of the investment properties under construction would be resulted.

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二零二零年十二月三十一日
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15. 租賃

本集團作為承租人

本集團擁有用於其業務營運的多個辦公樓、機動車及其他設備項目的租賃合約。本集團已提前作出一次性付款以向業主收購租賃土地（租期為40年），根據該等土地租賃的條款，本集團將不會繼續支付任何款項。辦公樓的租期通常介乎2至9年。機動車及其他設備的租期通常為12個月或以下及／或個別設備的價值較低。一般而言，本集團不可向本集團以外人士轉讓及分租租賃資產。包含續期及終止選擇權及可變租金的多個租賃合約於下文詳述。

(a) 使用權資產

年內本集團使用權資產的賬面值及變動如下：

		土地使用權 Land use rights 人民幣千元 RMB'000	辦公樓 Office buildings 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
於二零一九年一月一日	As at 1 January 2019	273,993	101,792	375,785
添置	Additions	—	58,957	58,957
折舊開支	Depreciation charge	(13,014)	(31,210)	(44,224)
於二零一九年十二月三十一日及 二零二零年一月一日	As at 31 December 2019 and 1 January 2020	260,979	129,539	390,518
添置	Additions	—	69,382	69,382
租期終止所產生之減少	Decrease arising from lease term termination	—	(66,679)	(66,679)
折舊開支	Depreciation charge	(13,015)	(34,850)	(47,865)
於二零二零年十二月三十一日	As at 31 December 2020	247,964	97,392	345,356

於二零二零年十二月三十一日，本集團總賬面值約人民幣零元（二零一九年：人民幣260,979,000元）的使用權資產已質押，為本集團獲授的銀行及其他借款作抵押（附註29）。

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of office buildings, motor vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 years, and no ongoing payments will be made under the terms of these land leases. Leases of office buildings generally have lease terms between 2 and 9 years. Motor vehicles and other equipment generally have lease terms of 12 months or less and/or are individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	土地使用權 Land use rights 人民幣千元 RMB'000	辦公樓 Office buildings 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
As at 1 January 2019	273,993	101,792	375,785
Additions	—	58,957	58,957
Depreciation charge	(13,014)	(31,210)	(44,224)
As at 31 December 2019 and 1 January 2020	260,979	129,539	390,518
Additions	—	69,382	69,382
Decrease arising from lease term termination	—	(66,679)	(66,679)
Depreciation charge	(13,015)	(34,850)	(47,865)
As at 31 December 2020	247,964	97,392	345,356

As at 31 December 2020, the Group's right-of-use assets with an aggregate carrying amount of approximately nil (2019: RMB260,979,000) were pledged to secure bank and other borrowings granted to the Group (note 29).

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二零二零年十二月三十一日

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15. 租賃 (續)

本集團作為承租人 (續)

(b) 租賃負債

年內租賃負債的賬面值及變動如下：

15. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
於一月一日的賬面值	Carrying amount as at 1 January	131,648	101,792
新租賃	New leases	69,382	58,957
年內已確認利息增幅	Accretion of interest recognised during the year	6,619	6,591
租期終止所產生之減少	Decrease arising from lease term termination	(66,679)	—
付款	Payments	(37,866)	(35,692)
於十二月三十一日的賬面值	Carrying amount as at 31 December	103,104	131,648
分析為：	Analysed into:		
即期部份	Current portion	54,666	68,171
非即期部份	Non-current portion	48,438	63,477

租賃負債的到期日分析披露於財務報表附註44。

The maturity analysis of lease liabilities is disclosed in note 44 to the financial statements.

財務報表附註

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15. 租賃 (續)

本集團作為承租人 (續)

- (c) 於損益中確認的租賃相關款項如下：

15. LEASES (Continued)

The Group as a lessee (Continued)

- (c) The amounts recognised in profit or loss in relation to leases are as follows:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
租賃負債利息	Interest on lease liabilities	6,619	6,591
使用權資產折舊開支	Depreciation charge of right-of-use assets	47,865	44,224
與短期租賃及餘下租期於 十二月三十一日或之前屆滿 的其他租賃有關的開支 (計入行政開支)	Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December (included in administrative expenses)	11,371	13,764
與低價值資產租賃有關的 開支 (計入銷售及 分銷開支)	Expense relating to leases of low-value assets (included in selling and distribution expenses)	5,983	2,062
於損益中確認的款項總額	Total amount recognised in profit or loss	71,838	66,641

- (d) 租賃總現金流出及與尚未開始的租賃有關的未來現金流出披露於財務報表附註35。

- (d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in note 35 to the financial statements.

財務報表附註

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二零二零年十二月三十一日

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15. 租賃 (續)

本集團作為出租人

本集團根據經營租賃安排租賃其投資物業 (附註14)，包括11個中國內地商業物業。租賃條款一般要求租戶支付保證金，並規定根據當時市況定期調整租金。本集團於年內確認的租金收入為人民幣118,916,000元 (二零一九年：人民幣134,298,000元)，詳情載於財務報表附註5。

於二零二零年十二月三十一日，本集團根據與其租戶訂立的不可撤銷經營租賃於未來期間應收的未貼現租賃款項如下：

15. LEASES (Continued)

The Group as a lessor

The Group leases its investment properties (note 14) consisting of eleven commercial properties in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB118,916,000 (2019: RMB134,298,000), details of which are included in note 5 to the financial statements.

At 31 December 2020, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
一年內	Within one year	142,482	156,309
一年以上但兩年以內	After one year but within two years	137,085	141,112
兩年以上但三年以內	After two years but within three years	118,588	134,925
三年以上但四年以內	After three years but within four years	98,574	103,937
四年以上但五年以內	After four years but within five years	66,911	95,370
五年後	After five years	356,835	345,796
		920,475	977,449

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16. 其他無形資產

16. OTHER INTANGIBLE ASSETS

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
軟件	Software		
於一月一日	At 1 January		
成本	Cost	19,404	20,508
累計折舊	Accumulated amortisation	(12,561)	(10,568)
賬面淨值	Net carrying amount	6,843	9,940
於一月一日之成本， 扣除累計折舊	Cost at 1 January, net of accumulated amortisation	6,843	9,940
添置	Additions	1,148	1,829
收購附屬公司	Acquisition of subsidiaries	1,934	—
出售	Disposals	—	(20)
年內已撥備攤銷	Amortisation provided during the year	(3,023)	(4,906)
於十二月三十一日	At 31 December	6,902	6,843
於十二月三十一日：	At 31 December:		
成本	Cost	22,486	19,404
累計折舊	Accumulated amortisation	(15,584)	(12,561)
賬面淨值	Net carrying amount	6,902	6,843

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17. 於合營企業的投資

17. INVESTMENTS IN JOINT VENTURES

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
分佔淨資產	Share of net assets	3,137,528	2,341,631

本集團與合營企業的貿易應收款項及應付款項結餘於財務報表附註42披露。

The Group's trade receivable and payable balances with joint ventures are disclosed in note 42 to the financial statements.

(a) 本集團重要合營企業詳情如下：

(a) Particulars of the Group's material joint ventures are as follows:

公司名稱 Name of company	註冊地點及年份 Place and year of registration	實繳資本 Paid-in capital 人民幣千元 RMB'000	本集團應佔擁有權 百分比 Percentage of ownership interest attributable to the Group	主要活動 Principal activities
武漢正榮正升置業有限公司 Wuhan Zhengsheng Real Estate Co., Ltd.	中國武漢 二零一六年 Wuhan, PRC 2016	100,000	50%	物業開發 Property development
合肥和桂房地產開發有限公司 Hefei Hegui Real Estate Co., Ltd.	中國合肥 二零一七年 Hefei, PRC 2017	400,000	33%	物業開發 Property development

(b) 武漢正榮正升置業有限公司(截至二零一九年及二零二零年十二月三十一日止年度被視為本集團的重要合營企業)與中國內地的其他合營夥伴共同開發一個物業開發項目，採用權益法入賬。合肥和桂房地產有限公司(截至二零一九年十二月三十一日止年度被視為本集團的重要合營企業，但於截至二零二零年十二月三十一日不被視為本集團的重要合營企業)與中國內地的其他合營夥伴共同開發多個物業開發項目，採用權益法入賬。

(b) Wuhan Zhengsheng Real Estate Co., Ltd., which is considered a material joint venture of the Group for the years ended 31 December 2019 and 2020, develops a property development project with the other joint venture partner in Mainland China and was accounted for using the equity method. Hefei Hegui Real Estate Co., Ltd., which is considered a material joint venture of the Group for the year ended 31 December 2019 but is not material for the year ended 31 December 2020, develops property development projects with the other joint venture partners in Mainland China and was accounted for using the equity method.

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17. 於合營企業的投資 (續)

(b) (續)

下表列示有關武漢正榮正升置業有限公司的財務資料摘要，已就任何會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

17. INVESTMENTS IN JOINT VENTURES (Continued)

(b) (Continued)

The following table illustrates the summarised financial information in respect of Wuhan Zhengsheng Real Estate Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

		二零二零年 十二月三十一日 31 December 2020 人民幣千元 RMB'000	二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000
現金及現金等價物	Cash and cash equivalents	574,109	1,327,312
其他流動資產	Other current assets	6,720,596	6,762,326
流動資產	Current assets	7,294,705	8,089,638
非流動資產	Non-current assets	10,072	10,188
金融負債，不包括貿易及 其他應付款項	Financial liabilities, excluding trade and other payables	(2,789,769)	(572,562)
其他流動負債	Other current liabilities	(3,039,620)	(2,818,088)
流動負債	Current liabilities	(5,829,389)	(3,390,650)
非流動金融負債，不包括 貿易及其他應付款項	Non-current financial liabilities, excluding trade and other payables	—	(3,200,000)
非流動負債	Non-current liabilities	—	(3,200,000)
淨資產	Net assets	1,475,388	1,509,176
與本集團於合營企業的 權益對賬：	Reconciliation to the Group's interest in the joint venture:		
本集團所佔擁有權比例	Proportion of the Group's ownership	50%	50%
本集團應佔合營企業淨資產	Group's share of net assets of the joint venture	737,694	754,588
就關聯方交易的未變現損益 作出調整	Adjustment for unrealised profits and losses from related party transactions	(575)	(575)
投資的賬面值	Carrying amount of the investment	737,119	754,013
收益	Revenue	—	—
開支	Expenses	(33,787)	(38,717)
稅項	Tax	—	—
年內虧損及全面收益總額	Loss and total comprehensive income for the year	(33,787)	(38,717)

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17. 於合營企業的投資 (續)

(b) (續)

下表列示有關合肥和桂房地產有限公司的財務資料摘要，已就任何會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

17. INVESTMENTS IN JOINT VENTURES (Continued)

(b) (Continued)

The following table illustrates the summarised financial information in respect of Hefei Hegui Real Estate Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

		二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000
現金及現金等價物	Cash and cash equivalents	327,910
其他流動資產	Other current assets	2,299,853
流動資產	Current assets	2,627,763
非流動資產	Non-current assets	35,978
金融負債，不包括貿易及 其他應付款項	Financial liabilities, excluding trade and other payables	(378,048)
其他流動負債	Other current liabilities	(1,248,875)
流動負債	Current liabilities	(1,626,923)
非流動金融負債，不包括貿易及 其他應付款項	Non-current financial liabilities, excluding trade and other payables	(220,000)
非流動負債	Non-current liabilities	(220,000)
淨資產	Net assets	816,818
與本集團於合營企業的權益對賬：	Reconciliation to the Group's interest in the joint venture:	
本集團所佔擁有權比例	Proportion of the Group's ownership	33%
本集團應佔合營企業淨資產	Group's share of net assets of the joint venture	269,550
投資的賬面值	Carrying amount of the investment	269,550
收益	Revenue	2,402,710
開支	Expenses	(1,794,267)
稅項	Tax	(156,787)
年內溢利及全面收益總額	Profit and total comprehensive income for the year	451,656

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17. 於合營企業的投資 (續)

- (c) 下表說明本集團並非個別屬重大的合營企業的概要財務資料：

17. INVESTMENTS IN JOINT VENTURES (Continued)

- (c) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
年內分佔合營企業損益及 全面收益總額	Share of the joint ventures' profits and losses and total comprehensive income for the year	50,781	227,816
本集團於聯營公司投資的 賬面值總額	Aggregate carrying amount of the Group's investments in the joint ventures	2,400,409	1,318,068

本公司董事認為，由於於合營企業的投資被視為可全數收回，故於二零二零年十二月三十一日無需計提減值撥備（二零一九年：無）。合營企業已按權益法於該等財務報表入賬。

The directors of the Company are of the opinion that no provision for impairment was necessary as at 31 December 2020 as the investments in joint ventures were considered fully recoverable (2019: Nil). The joint ventures have been accounted for using the equity method in these financial statements.

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18. 於聯營公司的投資

18. INVESTMENTS IN ASSOCIATES

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
分佔淨資產	Share of net assets	5,675,958	3,199,926

本集團與聯營公司的貿易應收款項及應付款項結餘於財務報表附註42披露。

The Group's trade receivable and payable balances with associates are disclosed in note 42 to the financial statements.

(a) 本集團重要聯營公司詳情如下：

(a) Particulars of the Group's material associate is as follows:

公司名稱 Name of company	註冊地點及年份 Place and year of registration	實繳資本 Paid-in capital 人民幣千元 RMB'000	本集團應佔擁有權百分比 Percentage of ownership interest attributable to the Group	主要活動 Principal activities
南京招榮房地產開發有限公司 Nanjing Zhaorong Real Estate Development Co., Ltd.	中國南京 二零一八年 Nanjing, PRC 2018	12,000,000	49%	物業開發 Property development
贛州市南康區碧桂園房地產開發有限公司 Ganzhou Nankang Country Gardon Properties Development Co., Ltd.	中國廣州 二零一七年 Ganzhou, PRC 2017	10,000	50%	物業開發 Property development

附註：根據組織章程細則，本集團僅對南京招榮房地產開發有限公司有重大影響，乃因該實體的其他股東擁有充足的投票權以控制及經營該實體。因此，該實體以本集團持有其49%股權的一家聯營公司入賬。

Note: Pursuant to the articles of association, the Group only has significant influence on Nanjing Zhaorong Real Estate Development Co., Ltd. as the other shareholders of the entity have enough voting power to control and operate the entity. Thus, the entity was accounted for as an associate by the Group by holding 49% of equity interests in it.

根據組織章程細則，本集團僅對贛州市南康區碧桂園房地產開發有限公司有重大影響，乃因該實體的其他股東擁有充足的投票權以控制及經營該實體。因此，該實體以本集團持有其50%股權的一家聯營公司入賬。

Pursuant to the articles of association, the Group only has significant influence on Ganzhou Nankang Country Gardon Properties Development Co., Ltd. as the other shareholders of the entity have enough voting power to control and operate the entity. Thus, the entity is accounted for as an associate by the Group by holding 50% of equity interests in it.

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18. 於聯營公司的投資 (續)

- (b) 南京招榮房地產開發有限公司 (截至二零二零年十二月三十一日止年度被視為本集團的重要聯營公司) 與中國內地的策略性夥伴共同開發多個物業開發項目，採用權益法入賬。

贛州市南康區碧桂園房地產開發有限公司 (截至二零一九年十二月三十一日止年度被視為本集團的重要聯營公司，但不是截至二零二零年十二月三十一日止年度的重要聯營公司) 與中國內地的策略性夥伴共同開發多個物業開發項目，採用權益法入賬。

18. INVESTMENTS IN ASSOCIATES (Continued)

- (b) Nanjing Zhaorong Real Estate Development Co., Ltd., which is considered a material associate of the Group for the year ended 31 December 2020, develops property development projects with the strategic partners in Mainland China and is accounted for using the equity method.

Ganzhou Nankang Country Gardon Properties Development Co., Ltd which is considered a material associate of the Group for 31 December 2019 but is not material for the year ended 31 December 2020, develops property development projects with the strategic partners in Mainland China and is accounted for using the equity method.

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18. 於聯營公司的投資 (續)

(b) (續)

下表列示有南京招榮房地產開發有限公司的財務資料摘要，已就任何會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

18. INVESTMENTS IN ASSOCIATES (Continued)

(b) (Continued)

The following table illustrates the summarised financial information in respect of Nanjing Zhaorong Real Estate Development Co., Ltd adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

		二零二零年 十二月三十一日 31 December 2020 人民幣千元 RMB'000
現金及現金等價物	Cash and cash equivalents	411,429
其他流動資產	Other current assets	2,374,080
流動資產	Current assets	2,785,509
非流動資產	Non-current assets	51,331
金融負債，不包括貿易及 其他應付款項	Financial liabilities, excluding trade and other payables	(376,074)
其他流動負債	Other current liabilities	(566,611)
流動負債	Current liabilities	(942,685)
淨資產	Net assets	1,894,155
與本集團於聯營公司的權益對賬：	Reconciliation to the Group's interest in the associate:	
本集團所佔擁有權比例	Proportion of the Group's ownership	49%
本集團應佔聯營公司淨資產	Group's share of net assets of the associate	928,136
就關聯方交易的未變現損益作出調整	Adjustment for unrealised profits and losses from related party transactions	(1,614)
投資的賬面值	Carrying amount of the investment	926,522
收益	Revenue	3,824,321
開支	Expenses	(2,528,339)
稅項	Tax	(558,910)
年內溢利及全面收益總額	Profit and total comprehensive income for the year	737,072

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18. 於聯營公司的投資 (續)

(b) (續)

下表列示有關贛州市南康區碧桂園房地產開發有限公司的財務資料摘要，已就任何會計政策差異作出調整並與綜合財務報表內的眼面值對賬：

18. INVESTMENTS IN ASSOCIATES (Continued)

(b) (Continued)

The following table illustrates the summarised financial information in respect of Ganzhou Nankang Country Gardon Properties Development Co., Ltd adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

		二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000
現金及現金等價物	Cash and cash equivalents	325,233
其他流動資產	Other current assets	2,603,159
流動資產	Current assets	2,928,392
非流動資產	Non-current assets	90,161
其他流動負債	Other current liabilities	(2,733,216)
流動負債	Current liabilities	(2,733,216)
淨資產	Net assets	285,337
與本集團於聯營公司的權益對賬：	Reconciliation to the Group's interest in the associate:	
本集團所佔擁有權比例	Proportion of the Group's ownership	50%
本集團應佔聯營公司淨資產	Group's share of net assets of the associate	142,669
就關聯方交易的未變現損益 作出調整	Adjustment for unrealised profits and losses from related party transactions	(2,529)
投資的眼面值	Carrying amount of the investment	140,140
收益	Revenue	1,385,545
開支	Expenses	(983,570)
稅項	Tax	(99,269)
年內溢利及全面收益總額	Profit and total comprehensive income for the year	302,706

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18. 於聯營公司的投資 (續)

- (c) 下表說明本集團並非個別屬重大的聯營公司的概要財務資料：

18. INVESTMENTS IN ASSOCIATES (Continued)

- (c) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
分佔聯營公司損益及 全面收益總額	Share of the associates' profits and losses and total comprehensive income	184,107	12,076
本集團於聯營公司投資的 賬面值總額	Aggregate carrying amount of the Group's investments in the associates	4,749,436	3,059,786

本公司董事認為，由於於聯營公司的投資被視為可全數收回，故於二零二零年十二月三十一日無需計提減值撥備（二零一九年：無）。聯營公司已按權益法於該等財務報表入賬。

The directors of the Company are of the opinion that no provision for impairment was necessary as at 31 December 2020 as the investments in associates were considered fully recoverable (2019: Nil). The associates have been accounted for using the equity method in these financial statements.

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19. 遞延稅項

遞延稅項資產及負債於年內的變動如下：

遞延稅項資產

19. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

		可供抵銷 未來應課稅 溢利的虧損	抵銷未來 應課稅溢利的 廣告費			未變現 預收收益	金融資產 減值虧損		
		Losses available for offsetting against future taxable profits	Advertising fee for offsetting against future taxable profits	應計 工資及福利 Payroll and welfare accrual	應計 建築成本 Accrued construction cost	Unrealised revenue in advance	應計 土地增值稅 Accrued LAT	Impairment losses on financial assets	總計 Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
於二零一八年十二月三十一日	At 31 December 2018	—	62,067	2,477	9,367	61,189	1,342,878	218,723	1,035
採納國際財務報告準則 第16號之影響	Effect of adoption of IFRS 16	25,448	—	—	—	—	—	—	25,448
於二零一九年一月一日(重列)	At 1 January 2019 (restated)	25,448	62,067	2,477	9,367	61,189	1,342,878	218,723	1,035
出售附屬公司	Disposal of subsidiaries	—	—	—	—	—	(36,198)	—	—
年內計入/(扣除自)損益的遞延稅項	Deferred tax credited/(charged) to profit or loss during the year	7,464	191,596	5,900	(563)	105,282	(64,820)	73,671	121
於二零一九年十二月三十一日	At 31 December 2019	32,912	253,663	8,377	8,804	166,471	1,241,860	292,394	1,156
業務收購(附註37)	Business acquisition (note 37)	—	76	—	—	12,575	140,571	—	—
出售附屬公司(附註38)	Disposal of subsidiaries (note 38)	—	(10,860)	(4,039)	—	—	(95,317)	—	—
年內計入/(扣除自)損益的遞延稅項	Deferred tax credited/(charged) to profit or loss during the year	(7,136)	(142,938)	4,331	(1,869)	11,997	340,471	(103,922)	1,272
於二零二零年十二月三十一日	At 31 December 2020	25,776	99,941	8,669	6,935	191,043	1,627,585	188,472	2,428

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19. 遞延稅項 (續)

遞延稅項資產及負債於年內的變動如下：(續)

遞延稅項負債

19. DEFERRED TAX (Continued)

The movements in deferred tax assets and liabilities during the year are as follows: (Continued)

Deferred tax liabilities

		投資物業產生 的公平值調整 Fair value adjustment arising from investment properties 人民幣千元 RMB'000	物業、廠房及 設備產生的 公平值調整 Fair value adjustment arising from property, plant and equipment 人民幣千元 RMB'000	按公平值計入 損益的金融 資產產生的 公平值調整 Fair value adjustment arising from financial assets at fair value through profit or loss 人民幣千元 RMB'000	業務合併產生 的公平值調整 Fair value adjustment arising from business combination 人民幣千元 RMB'000	使用權資產 Right-of-use assets 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
於二零一八年十二月三十一日	At 31 December 2018	696,735	64,947	13,275	158,371	—	933,328
採納國際財務報告準則 第16號之影響	Effect of adoption of IFRS 16	—	—	—	—	25,448	25,448
於二零一九年一月一日 (重列)	At 1 January 2019 (restated)	696,735	64,947	13,275	158,371	25,448	958,776
年內扣除自／(計入)	Deferred tax charged/(credited) to						
損益的遞延稅項	profit or loss during the year	81,627	(3,085)	(13,275)	(18,831)	6,937	53,373
收購附屬公司	Acquisition of subsidiaries	—	—	—	11,669	—	11,669
於二零一九年十二月三十一日	At 31 December 2019	778,362	61,862	—	151,209	32,385	1,023,818
年內扣除自／(計入)	Deferred tax charged/(credited) to						
損益的遞延稅項	profit or loss during the year	80,990	(3,085)	—	(525,937)	(8,037)	(456,069)
收購附屬公司 (附註37)	Acquisition of subsidiaries (note 37)	—	—	—	627,968	—	627,968
於二零二零年十二月三十一日	At 31 December 2020	859,352	58,777	—	253,240	24,348	1,195,717

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19. 遞延稅項 (續)

遞延稅項負債 (續)

就呈列而言，若干遞延稅項資產及負債已於綜合財務狀況表內抵銷。以下為就財務申報目的的遞延稅項結餘分析：

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
於綜合財務狀況表內確認的 遞延稅項資產淨值	Net deferred tax assets recognised in the consolidated statement of financial position	1,803,433	1,684,744
於綜合財務狀況表內確認的 遞延稅項負債淨值	Net deferred tax liabilities recognised in the consolidated statement of financial position	(848,301)	(702,925)
		955,132	981,819

根據《中華人民共和國企業所得稅法》，在中國內地成立的外商投資企業向海外投資者宣派的股息將徵收10%的預扣稅。該規定自二零零八年一月一日起生效並適用於二零零七年十二月三十一日後產生的盈利。倘中國內地與該外國投資者所處司法權區存在稅收協定，可採用較低預扣稅率。本集團的適用稅率為10%。因此，本集團須就該等在中國內地成立附屬公司就自二零零八年一月一日起產生的盈利所分派的股息繳納預扣稅。

於二零二零年十二月三十一日，並無就本集團於中國內地成立的附屬公司須繳納預扣稅的未匯出盈利應付的預扣稅確認為任何遞延稅項。本公司董事認為，本集團的資金將就拓展本集團的經營而於中國內地保留，故該等附屬公司於可預見未來不可能分派有關盈利。與於並無確認遞延稅項負債的中國內地附屬公司的投資相關的暫時差異總額合共約為人民幣6,313,122,000元（二零一九年：人民幣6,012,764,000元）。

結轉稅項虧損乃按可能產生的未來應課稅溢利而實現的相關稅務利益而確認遞延稅項資產。

19. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2020, 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 of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB6,313,122,000 (2019: RMB6,012,764,000).

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable.

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20. 按公平值計入損益的金融資產

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
按公平值計量的上市股權投資	Listed equity investments, at fair value	493,554	680,790
按公平值計量的上市債權投資	Listed debt investments, at fair value	331,067	—
按公平值計量的未上市其他投資	Unlisted other investments, at fair value	113,446	93,106
		938,067	773,896

於二零二零年十二月三十一日的上述股權投資乃持作買賣用途，因此被分類為按公平值計入損益的金融資產。

The above equity investments at 31 December 2020 were classified as financial assets at fair value through profit or loss as they were held for trading.

於二零二零年十二月三十一日，本集團總賬面值約人民幣493,070,000元（二零一九年：人民幣670,170,000）的按公平值計入損益的金融資產已質押，為本集團獲授的銀行及其他借款作抵押（附註29）。

At 31 December 2020, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately RMB493,070,000 (2019: RMB670,170,000) were pledged to secure bank and other borrowings granted to the Group (note 29).

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21. 開發中物業

21. PROPERTIES UNDER DEVELOPMENT

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
於一月一日的賬面值	Carrying amount at 1 January	86,379,442	63,588,003
採納國際財務報告準則 第16號之影響	Effect of adoption of IFRS 16	—	967,858
於一月一日的賬面值 (重列)	Carrying amount at 1 January (restated)	86,379,442	64,555,861
添置	Additions	54,952,180	47,325,284
轉撥至持作出售已竣工物業 (附註22)	Transferred to completed properties held for sale (note 22)	(27,308,185)	(22,136,625)
轉撥至投資物業 (附註14)	Transferred to investment properties (note 14)	(244,565)	(49,544)
收購附屬公司 (附註37)	Acquisition of subsidiaries (note 37)	11,937,530	3,272,760
出售附屬公司 (附註38)	Disposal of subsidiaries (note 38)	(8,048,312)	(6,552,510)
已確認減值虧損 (附註6)	Impairment losses recognised (note 6)	(118,646)	(66,456)
轉撥至持作出售已竣工物業的 減值虧損 (附註22)	Impairment losses transferred to completed properties held for sale (note 22)	137,253	30,672
於十二月三十一日的賬面值	Carrying amount at 31 December	117,686,697	86,379,442

本集團的開發中物業位於中國內地的租賃土地上。

The Group's properties under development are situated on leasehold lands in Mainland China.

於二零二零年十二月三十一日，本集團總賬面值約人民幣63,104,969,000元（二零一九年：人民幣56,639,223,000元）的開發中物業已質押，為本集團獲授的銀行及其他借款作抵押（附註29）。本集團總賬為無的開發中物業已質押，為第三方獲授的銀行及其他借款作抵押（二零一九年：人民幣200,000,000元）。

At 31 December 2020, the Group's properties under development with an aggregate carrying amount of approximately RMB63,104,969,000 (2019: RMB56,639,223,000) were pledged to secure bank and other borrowings granted to the Group (note 29). The Group's properties under development with an aggregate carrying amount of nil were pledged to secure bank and other borrowings granted to a third party (2019: RMB200,000,000).

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21. 開發中物業 (續)

開發中物業的減值撥備變動如下：

21. PROPERTIES UNDER DEVELOPMENT (Continued)

The movements in provision for impairment of properties under development are as follows:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
於一月一日的賬面值	Carrying amount at 1 January	35,784	—
已確認減值虧損 (附註6)	Impairment losses recognised (note 6)	118,646	66,456
轉撥至持作出售已竣工物業的 減值虧損 (附註22)	Impairment losses transferred to completed properties held for sale (note 22)	(137,253)	(30,672)
於十二月三十一日的賬面值	Carrying amount at 31 December	17,177	35,784

開發中物業的價值於各報告期末評估。倘賬面值超逾其可變現淨值，則存在減值。可變現淨值乃根據現行市價減適用銷售開支並參考售價而釐定。

The value of properties under development is assessed at the end of each reporting period. An impairment exists when the carrying value exceeds its net realisable value. The net realisable value is determined by reference to the selling price based on the prevailing market price less applicable selling expenses.

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22. 持作出售已竣工物業

22. COMPLETED PROPERTIES HELD FOR SALE

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
於一月一日的賬面值	Carrying amount at 1 January	7,626,154	11,433,470
轉撥自開發中物業 (附註21)	Transferred from properties under development (note 21)	27,308,185	22,136,625
轉撥至銷售成本 (附註6)	Transferred to cost of sales (note 6)	(29,015,470)	(26,140,970)
減值虧損撇銷 (附註6)	Impairment losses written off (note 6)	30,108	227,701
轉撥自開發中物業的減值虧損 (附註21)	Impairment losses transferred from properties under development (note 21)	(137,253)	(30,672)
收購附屬公司 (附註37)	Acquisition of subsidiaries (note 37)	2,528,400	—
出售附屬公司 (附註38)	Disposal of subsidiaries (note 38)	(469,214)	—
於十二月三十一日的賬面值	Carrying amount at 31 December	7,870,910	7,626,154

於二零二零年十二月三十一日，本集團總賬面值約人民幣1,293,461,000元 (二零一九年：人民幣998,765,000元) 的持作出售已竣工物業已質押，為本集團獲授的銀行及其他借款作抵押 (附註29)。

As at 31 December 2020, the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB1,293,461,000 (2019: RMB998,765,000) were pledged to secure bank and other borrowings granted to the Group (note 29).

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22. 持作出售已竣工物業 (續)

持作出售已竣工物業的減值撥備變動如下：

22. COMPLETED PROPERTIES HELD FOR SALE (Continued)

The movements in provision for impairment of completed properties held for sale are as follows:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
於一月一日的賬面值	Carrying amount at 1 January	67,959	264,988
減值虧損撇銷 (附註6)	Impairment losses written off (note 6)	(30,108)	(227,701)
轉撥自開發中物業的減值虧損 (附註21)	Impairment losses transferred from properties under development (note 21)	137,253	30,672
於十二月三十一日的賬面值	Carrying amount at 31 December	175,104	67,959

開發中物業的價值於各報告期末評估。倘賬面值超逾其可變現淨值，則存在減值。可變現淨值乃根據現行市價減適用銷售開支並參考售價而釐定。

The value of completed properties held for sale is assessed at the end of each reporting period. An impairment exists when the carrying value exceeds its net realisable value. The net realisable value is determined by reference to the selling price based on the prevailing market price less applicable selling expenses.

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23. 貿易應收款項

23. TRADE RECEIVABLES

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
貿易應收款項	Trade receivables	124,825	66,293
減值	Impairment	—	—
		124,825	66,293

貿易應收款項主要指應收租戶租金、銷售物業及銷售貨物。本集團尋求對其未收回應收款項維持嚴格控制。管理層會定期審閱逾期結餘。鑒於以上所述及本集團的貿易應收款項涉及大量分散客戶的事實，並無重大信用風險集中狀況。

Trade receivables mainly represent rentals receivable from tenants, sales of properties and sales of goods. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

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23. 貿易應收款項 (續)

貿易應收款項無抵押且不計息。貿易應收款項的眼面值與其公平值相若。於各報告期末基於發票日期的貿易應收款項賬齡分析如下：

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
一年內	Less than 1 year	82,579	57,772
一年以上	Over 1 year	42,246	8,521
		124,825	66,293

既未逾期亦未減值的應收款項涉及大量無近期違約記錄的多元化客戶。

本集團根據國際財務報告準則第9號的規定應用簡易法為預期信貸虧損計提撥備，該準則允許所有貿易應收款項採用整個存續期的預期虧損撥備。為計算預期信貸虧損，貿易應收款項已根據共享信用風險特徵及逾期日數分類。貿易應收款項的預期虧損率評估為0.1%。根據對預期虧損率和賬面總額的評估，本公司董事認為，有關該等結餘的預期信貸虧損被視為並不重大，因此，並無就其進行虧損津貼撥備。

23. TRADE RECEIVABLES (Continued)

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables is assessed to be 0.1%. Based on evaluation on the expected loss rate and gross carrying amount, the directors of the Company are of the opinion that the ECL in respect of these balances is considered to be immaterial, and therefore, there has not been a loss allowance provision.

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24. 預付款項、其他應收款項及其他資產

24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
與第三方土地使用權有關的 預付款項	Prepayments related to third parties' land use rights	245,510	2,384,636
按金	Deposits	3,554,706	2,168,928
收購土地使用權的預付款項	Prepayments for acquisition of land use rights	3,179,445	1,865,408
其他可收回稅項	Other tax recoverable	2,884,510	2,259,873
應收附屬公司非控股股東款項	Due from non-controlling shareholders of subsidiaries	9,337,227	4,418,306
合約成本資產	Contract cost assets	546,238	166,620
建築成本預付款項	Prepayments for construction cost	266,304	57,972
應收出售附屬公司的代價	Consideration receivable of disposal of subsidiaries	—	11,962
投資附屬公司預付款項	Prepayments for investments in subsidiaries	—	60,120
投資合營企業及 聯營公司預付款項	Prepayments for investments in joint ventures and associates	—	60,000
其他應收款項	Other receivables	373,115	204,824
		20,387,055	13,658,649
減值	Impairment	(9,710)	(4,623)
		20,377,345	13,654,026
減：即期部份	Less: Current portion	20,377,345	13,533,906
非即期部份	Non-current portion	—	120,120

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24. 預付款項、其他應收款項及其他資產 (續)

預付款項、其他應收款項及其他資產的減值撥備變動如下：

於一月一日的賬面值	Carrying amount at 1 January
已確認減值虧損 (附註6)	Impairment losses recognised (note 6)

於十二月三十一日的賬面值	Carrying amount at 31 December
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24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

The movements in provision for impairment of prepayments, other receivables and other assets are as follows:

二零二零年	二零一九年
2020	2019
人民幣千元	人民幣千元
RMB'000	RMB'000

4,623	4,141
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5,087	482
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9,710	4,623
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預付款項、其他應收款項及其他資產為無抵押、不計息且無固定還款期限。

Prepayments, other receivables and other assets are unsecured, non-interest-bearing and have no fixed terms of repayment.

應收附屬公司非控股股東款項及其他按金進行內部信用評級。本集團已評估該等應收款項之信用風險自初始確認以來並無大幅增加。該等應收款項的預期虧損率評估為0.1%。本集團已評估預期虧損率及賬面總額，並按預期十二個月之預期信貸虧損計量減值，並評估於二零二零年十二月三十一日預期信貸虧損為人民幣9,710,000元 (二零一九年：人民幣4,623,000元)。

The internal credit rating of amounts due from non-controlling shareholders of subsidiaries and other deposits was performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that the expected credit losses were RMB9,710,000 as at 31 December 2020 (2019: RMB4,623,000).

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25. 現金及銀行結餘

25. CASH AND BANK BALANCES

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
現金及銀行結餘	Cash and bank balances	42,972,503	35,306,808
減：受限制現金	Less: Restricted cash	6,884,988	5,137,032
已抵押存款	Pledged deposits	609,573	1,801,205
現金及現金等價物	Cash and cash equivalents	35,477,942	28,368,571

根據有關中國法規，本集團的若干房地產開發公司須將若干現金款項存置於指定銀行賬戶作特定用途。於二零二零年十二月三十一日，該部分的受限制現金為人民幣6,884,988,000元（二零一九年：人民幣4,137,032,000元）。於二零二零年十二月三十一日，受限制現金包括定期存款為無（二零一九年：人民幣1,000,000,000元），乃於本集團獲得時於三個月後到期及按定期存款利率賺取利息。

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in the designated bank accounts for a specified use. As at 31 December 2020, the restricted cash for this part amounted to RMB6,884,988,000 (2019: RMB4,137,032,000). As at 31 December 2020, the restricted cash included time deposits amounting to nil (2019: RMB1,000,000,000), which would mature in more than three months when acquired by the Group and earn interest at the time deposit rates.

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25. 現金及銀行結餘 (續)

於二零二零年十二月三十一日，為數人民幣609,573,000元（二零一九年：人民幣1,801,205,000元）的銀行存款已質押，作為買方按揭貸款、項目建設的抵押品，或質押予銀行作為發行銀行承兌票據的抵押品。

25. CASH AND BANK BALANCES (Continued)

As at 31 December 2020, bank deposits of RMB609,573,000 (2019: RMB1,801,205,000) were pledged as security for purchasers' mortgage loans, construction of projects, or pledged to banks as collateral for issuance of bank acceptance notes.

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
現金及現金等價物	Cash and cash equivalents		
以人民幣計值	Denominated in RMB	25,529,020	15,264,617
以美元計值	Denominated in US\$	9,669,689	12,613,249
以港元計值	Denominated in HK\$	279,155	490,620
以新加坡元計值	Denominated in SGD	78	85
		35,477,942	28,368,571

人民幣不得自由兌換為其他貨幣，但根據中國內地的《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團可通過獲授權進行外匯業務的銀行將人民幣兌換為其他貨幣。

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.

銀行現金根據每日銀行存款利率按浮動利率計息。銀行結餘存於無近期違約記錄的信譽可靠的銀行。現金及現金等價物的賬面值與其公平值相若。

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

於二零二零年十二月三十一日，本集團正對受限制現金、已質押存款及現金及現金等價物進行內部信用評級。本集團已評估受限制現金、已質押存款及現金及現金等價物之信用風險自初始確認以來並無大幅增加，並按十二個月之預期信貸虧損計量減值，且已評估預期信貸虧損並不重大。

As at 31 December 2020, the internal credit rating of restricted cash, pledged deposits and cash and cash equivalents was performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

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26. 貿易應付款項及應付票據

於報告期末，基於發票日期的本集團貿易應付款項及應付票據賬齡分析如下：

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
一年內	Within 1 year	20,993,540	16,494,363
一年以上	Over 1 year	226,172	258,252
		21,219,712	16,752,615

貿易應付款項為無抵押及免息，一般基於工程進度結算。

26. TRADE AND BILLS PAYABLES

An ageing analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

The trade payables are unsecured and are normally settled based on the progress of construction.

27. 其他應付款項及應計費用

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
與土地使用權有關的按金	Deposits related to land use rights	2,729,257	1,215,452
附屬公司非控股股東墊款	Advances from non-controlling shareholders of subsidiaries	6,126,827	6,531,535
建築相關留置按金	Retention deposits related to construction	1,788,724	724,592
應付工資及福利	Payroll and welfare payable	336,521	266,461
物業銷售相關按金	Deposits related to sales of properties	230,979	105,297
營業稅及附加	Business tax and surcharges	400,333	322,371
維修基金	Maintenance fund	355,152	104,242
資產支持證券所得款項(附註)	Proceeds from asset-backed securities (note)	3,101,851	3,346,334
其他	Others	173,182	277,434
		15,242,826	12,893,718
減：即期部份	Less: Current portion	12,351,381	10,571,875
非即期部份	Non-current portion	2,891,445	2,321,843

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27. 其他應付款項及應計費用

(續)

附註：結餘指由中國內地金融機構建立的特殊目的實體（「特殊目的實體」）就發行資產支持證券收取的所得款項，而本集團將銷售物業餘下收益的若干未來貿易應收款項作抵押。根據本集團及特殊目的實體的分配協議，本集團自客戶收取銷售所得款項時，本集團將匯出其代表特殊目的實體收取的任何現金流量。於二零二零年十二月三十一日，資產支持證券所得款項之即期部分為人民幣210,406,000元（二零一九年：人民幣1,024,491,000元），非即期部分為人民幣2,891,445,000元（二零一九年：人民幣2,321,843,000元）。

除資產支持證券所得款項外，來自附屬公司非控股股東的其他應付款項及墊款無抵押、不計息並應按要求償還。其他應付款項於各報告期末的公平值與其相應的賬面值相若。

27. OTHER PAYABLES AND ACCRUALS (Continued)

Note: The balance represented proceeds received from a special purpose entity ("SPE") set up by a financial institution in Mainland China for issuance of asset-backed securities, to which the Group has collateralised certain future trade receivables for the remaining receipts from sales of properties. Under an assignment arrangement between the Group and the SPE, as and when the Group receives the sales proceeds from customers, the Group would remit any cash flows it collects on behalf of the SPE. As at 31 December 2020, the current portion of the proceeds from asset-backed securities was RMB210,406,000 (2019: RMB1,024,491,000) and the non-current portion was RMB2,891,445,000 (2019: RMB2,321,843,000).

Except for the proceeds from asset-backed securities, other payables and advances from non-controlling shareholders of subsidiaries are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of each of the reporting periods approximated to their corresponding carrying amounts.

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28. 合約負債

合約負債詳情如下：

28. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
合約負債	Contract liabilities	60,866,676	38,797,781

本集團根據物業銷售或租賃合約所載的結算安排收取客戶的付款。付款通常在合約履行之前收取，主要來自房地產開發、銷售及租賃。

於二零二零年十二月三十一日，分配至餘下履約責任（未履行或部分未履行）的交易價為人民幣79,156,223,000元（二零一九年：人民幣51,584,878,000元）。管理層預計，有關款項44%及56%的金額將分別於一年內及一年後於損益內確認（二零一九年：57%於一年內及43%於一年後確認）。上文所披露金額不包括與本集團的客戶合約（原本期限為一年或以下）相關未履行的履約責任。

所有物業管理服務及管理諮詢服務的期限均為一年或以下。按照國際財務報告準則第15號所允許，並未披露分配至該等未履行合約的交易價。

The Group receives payments from customers based on billing schedules as established in the property sales or rental contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales and rental.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2020 amounted to RMB79,156,223,000 (2019: RMB51,584,878,000). Management expects that 44% and 56% of the amount will be recognised in profit or loss within one year and in more than one year, respectively (2019: 57% recognised within one year and 43% recognised in more than one year). The amount disclosed above does not include unsatisfied performance obligations that were related to the Group's contracts with customers with an original duration of one year or less.

All property management services and management consulting services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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29. 計息銀行及其他借款

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

	二零二零年十二月三十一日 31 December 2020			二零一九年十二月三十一日 31 December 2019		
	實際利率(%) Effective interest rate (%)	到期日 Maturity	人民幣千元 RMB' 000	實際利率(%) Effective interest rate (%)	到期日 Maturity	人民幣千元 RMB' 000
即期 Current						
銀行貸款－有抵押 Bank loans – secured	6-7.5	二零二一年 2021	219,615	6.0-8.0	二零二零年 2020	312,740
銀行貸款－無抵押 Bank loans – unsecured	4.6	二零二一年 2021	131,474	5.2-6.5	二零二零年 2020	69,871
其他貸款－有抵押 Other loans – secured	—	—	—	7	二零二零年 2020	490,000
其他貸款－無抵押 Other loans – unsecured	—	—	—	7-13	二零二零年 2020	1,718,688
長期銀行貸款的即期部份－有抵押 Current portion of long term bank loans – secured	4.8-8.5	二零二一年 2021	9,785,574	4.8-8.5	二零二零年 2020	5,420,954
長期銀行貸款的即期部份－無抵押 Current portion of long term bank loans – unsecured	4.8-8.9	二零二一年 2021	570,990	4.8-8.9	二零二零年 2020	454,782
長期其他貸款的即期部份－有抵押 Current portion of long term other loans – secured	7-10.7	二零二一年 2021	1,078,200	6.2-11.3	二零二零年 2020	4,123,401
長期其他貸款的即期部份－無抵押 Current portion of long term other loans – unsecured	6.4-12	二零二一年 2021	1,105,719	8.4-12	二零二零年 2020	1,943,700
			12,891,572			14,534,136

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29. 計息銀行及其他借款 (續)

29. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	二零二零年十二月三十一日 31 December 2020			二零一九年十二月三十一日 31 December 2019		
	實際利率(%) Effective interest rate (%)	到期日 Maturity	人民幣千元 RMB'000	實際利率(%) Effective interest rate (%)	到期日 Maturity	人民幣千元 RMB'000
非即期 Non-current						
銀行貸款 – 有抵押	4.0-8.5	二零二二年 – 二零三三年	23,862,894	4.8-8.5	二零二一年 – 二零三三年	16,551,576
Bank loans – secured	4.0-8.5	2022-2033	23,862,894	4.8-8.5	2021-2033	16,551,576
銀行貸款 – 無抵押	4.8-8.9	二零二二年 – 二零三三年	3,203,029	4.8-8.9	二零二一年 – 二零二二年	1,541,086
Bank loans – unsecured	4.8-8.9	2022-2023	3,203,029	4.8-8.9	2021-2022	1,541,086
其他貸款 – 有抵押	8.8-9	二零二零年	1,207,800	6.2-11.3	二零二一年 – 二零二二年	3,211,344
Other loans – secured	8.8-9	2022	1,207,800	6.2-11.3	2021-2022	3,211,344
其他貸款 – 無抵押	6.4-10	二零二二年 – 二零三三年	596,000	9.0-12	二零二一年	478,980
Other loans – unsecured	6.4-10	2022-2023	596,000	9.0-12	2021	478,980
			28,869,723			21,782,986
			41,761,295			36,317,122

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
分析為：	Analysed into:		
須於一年內償還	Repayable within one year	12,891,572	14,534,136
須於第二年償還	Repayable in the second year	16,101,498	13,064,966
須於第三至第五年償還	Repayable in the third to fifth years	11,715,731	7,854,534
須於五年後償還	Repayable in more than five years	1,052,494	863,486
小計	Subtotal	28,869,723	21,782,986
		41,761,295	36,317,122

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29. 計息銀行及其他借款 (續)

本集團的若干銀行及其他借款由質押以下於報告期末賬面值如下的資產作抵押：

29. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of the reporting period as follows:

		二零二零年 十二月三十一日 31 December 2020 人民幣千元 RMB'000	二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000
投資物業 (附註14)	Investment properties (note 14)	9,092,900	4,315,382
使用權資產 (附註15)	Right-of-use assets (note 15)	—	260,979
開發中物業 (附註21)	Properties under development (note 21)	63,104,969	56,639,223
按公平值計入損益的金融資產 (附註20)	Financial assets at fair value through profit or loss (note 20)	493,070	670,170
物業、廠房及設備 (附註13)	Property, plant and equipment (note 13)	—	250,953
持作出售已竣工物業 (附註22)	Completed properties held for sale (note 22)	1,293,461	998,765

於二零二零年十二月三十一日，本集團已質押為數人民幣2,935,734,000元 (二零一九年：人民幣2,534,472,000元) 的有關已售物業的未來所得款項，作為取得為數人民幣2,175,060,000元 (二零一九年：人民幣1,684,401,000元) 的銀行及其他借款的抵押品。

As at 31 December 2020, the Group has pledged future proceeds in respect of properties sold amounting to RMB2,935,734,000 (2019: RMB2,534,472,000) as collateral to secure bank and other borrowings amounting to RMB2,175,060,000 (2019: RMB1,684,401,000).

於二零二零年十二月三十一日，本集團附屬公司非控股股東已就本集團若干銀行貸款人民幣2,649,700,000元 (二零一九年：人民幣2,640,082,700元) 作出擔保。

As at 31 December 2020, the non-controlling shareholders of the Group's subsidiaries have guaranteed certain of the Group's bank loans amounting to RMB2,649,700,000 (2019: RMB2,640,082,700).

本公司管理層已評估，計息銀行及其他借款的公平值與其賬面值相若，在很大程度上是由於該等借款乃基於現行市場利率於本集團與獨立第三方金融機構間作出。

The management of the Company has assessed that the fair values of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

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30. 優先票據

30. SENIOR NOTES

		二零二零年十二月三十一日 31 December 2020				二零一九年十二月三十一日 31 December 2019			
		原貨幣本金 Principal at original currency '000	合約利率(%) Contractual interest rate (%)	到期日 Maturity	人民幣千元 RMB' 000	原貨幣本金 Principal at original currency '000	合約利率(%) Contractual interest rate (%)	到期日 Maturity	人民幣千元 RMB' 000
二零二零年到期之優先票據I (「二零二零年票據I」)	Senior notes due 2020 I ("2020 Notes I")	250,000千美元 US\$250,000	10.5%	二零二零年 2020	—	250,000千美元 US\$250,000	10.5%	二零二零年 2020	1,735,427
二零二一年到期之優先票據I (「二零二一年票據I」)	Senior notes due 2021 I ("2021 Notes I")	280,000千美元 US\$280,000	12.5%	二零二一年 2021	—	280,000千美元 US\$280,000	12.5%	二零二一年 2021	1,938,778
二零二一年到期之優先票據II (「二零二一年票據II」)	Senior notes due 2021 II ("2021 Notes II")	70,000千美元 US\$70,000	12.5%	二零二一年 2021	—	70,000千美元 US\$70,000	12.5%	二零二一年 2021	497,326
二零二零年到期之優先票據II (「二零二零年票據II」)	Senior notes due 2020 II ("2020 Notes II")	150,000千美元 US\$150,000	10.5%	二零二零年 2020	—	150,000千美元 US\$150,000	10.5%	二零二零年 2020	1,042,480
二零二一年到期之優先票據III (「二零二一年票據III」)	Senior notes due 2021 III ("2021 Notes III")	230,000千美元 US\$230,000	9.8%	二零二一年 2021	1,527,283	230,000千美元 US\$230,000	9.8%	二零二一年 2021	1,627,492
二零二二年到期之優先票據I (「二零二二年票據I」)	Senior notes due 2022 I ("2022 Notes I")	200,000千美元 US\$200,000	9.15%	二零二二年 2022	1,317,181	200,000千美元 US\$200,000	9.15%	二零二二年 2022	1,343,792
二零二三年到期之優先票據I (「二零二三年票據I」)	Senior notes due 2023 I ("2023 Notes I")	420,000千美元 US\$420,000	8.65%	二零二三年 2023	2,830,127	420,000千美元 US\$420,000	8.65%	二零二三年 2023	3,005,110
二零二二年到期之優先票據II (「二零二二年票據II」)	Senior notes due 2022 II ("2022 Notes II")	110,000千美元 US\$110,000	9.15%	二零二二年 2022	739,220	110,000千美元 US\$110,000	9.15%	二零二二年 2022	790,937
二零二二年到期之優先票據III (「二零二二年票據III」)	Senior notes due 2022 III ("2022 Notes III")	300,000千美元 US\$300,000	8.7%	二零二二年 2022	2,004,514	300,000千美元 US\$300,000	8.7%	二零二二年 2022	2,073,810
二零二三年到期之優先票據II (「二零二三年票據II」)	Senior notes due 2023 II ("2023 Notes II")	300,000千美元 US\$ 300,000	9.15%	二零二三年 2023	1,968,932	300,000千美元 US\$ 300,000	9.15%	二零二三年 2023	2,083,665
二零二零年到期之優先票據IV (「二零二零年票據IV」)	Senior notes due 2020 IV ("2020 Notes IV")	人民幣 700,000千元 RMB700,000	8%	二零二零年 2020	—	人民幣 700,000千元 RMB700,000	8%	二零二零年 2020	704,227
二零二四年到期之優先票據I (「二零二四年票據I」)	Senior notes due 2024 I ("2024 Notes I")	290,000千美元 US\$ 290,000	7.88%	二零二四年 2024	1,905,728	—	—	—	—
二零二一年到期之優先票據IV (「二零二一年票據IV」)	Senior notes due 2021 IV ("2021 Notes IV")	200,000千美元 US\$200,000	5.60%	二零二一年 2021	1,328,180	—	—	—	—
二零二四年到期之優先票據II (「二零二四年票據II」)	Senior notes due 2024 II ("2024 Notes II")	200,000千美元 US\$200,000	8.35%	二零二四年 2024	1,356,897	—	—	—	—
二零二三年到期之優先票據III (「二零二三年票據III」)	Senior notes due 2023 III ("2023 Notes III")	200,000千美元 US\$200,000	8.30%	二零二三年 2023	1,350,279	—	—	—	—

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30. 優先票據 (續)

30. SENIOR NOTES (Continued)

		二零二零年十二月三十一日 31 December 2020				二零一九年十二月三十一日 31 December 2019			
		原貨幣本金	合約利率(%)			原貨幣本金	合約利率(%)		
		Principal at original currency '000	Contractual interest rate (%)	到期日 Maturity	人民幣千元 RMB'000	Principal at original currency '000	Contractual interest rate (%)	到期日 Maturity	人民幣千元 RMB'000
二零二一年到期之優先票據V (「二零二一年票據V」)	Senior notes due 2021 V ("2021 Notes V")	人民幣 1,000,000千元		二零二一年 2021	1,026,550	—	—	—	—
二零二五年到期之優先票據I (「二零二五年票據I」)	Senior notes due 2025 I ("2025 Notes I")	350,000千美元 US\$350,000	7.40%	二零二五年 2025	2,308,667	—	—	—	—
二零二一年到期之優先票據VI (「二零二一年票據VI」)	Senior notes due 2021 VI ("2021 Notes VI")	200,000千美元 US\$200,000	7.35%	二零二一年 2021	1,304,512	—	—	—	—

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30. 優先票據 (續)

二零二一年票據III

於二零一九年二月二十日，本公司發行本金總額為230,000,000美元的二零二一年票據III，票面利率為9.8%，並於二零二一年到期。本公司籌得所得款項淨額222,770,000美元（經扣除包銷折扣及佣金以及其他開支）。於二零二一年八月二十日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二一年票據III。贖回價詳情於相關發售備忘錄內披露。

二零二二年票據I & II

於二零一九年三月八日，本公司發行本金總額為200,000,000美元的二零二二年票據I，票面利率為9.15%，並於二零二二年到期。本公司籌得所得款項淨額193,558,000美元（經扣除包銷折扣及佣金以及其他開支）。

於二零一九年八月十九日，本公司發行本金總額為110,000,000美元的二零二二年票據II，票面利率為9.15%，並於二零二二年到期。本公司籌得所得款項淨額114,761,000美元（經扣除包銷折扣及佣金以及其他開支）。

於二零二二年三月八日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二二年票據I & II。贖回價詳情於相關發售備忘錄內披露。

30. SENIOR NOTES (Continued)

2021 Notes III

On 20 February 2019, the Company issued the 2021 Notes III at a coupon rate of 9.8% due within 2021 with an aggregate principal amount of US\$230,000,000. The Company raised net proceeds of US\$222,770,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 20 August 2021, the Company may at its option redeem the 2021 Notes III at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

2022 Notes I & II

On 8 March 2019, the Company issued the 2022 Notes I at a coupon rate of 9.15% due within 2022 with an aggregate principal amount of US\$200,000,000. The Company raised net proceeds of US\$193,558,000 (after deduction of underwriting discounts and commissions and other expenses).

On 19 August 2019, the Company issued the 2022 Notes II at a coupon rate of 9.15% due within 2022 with an aggregate principal amount of US\$110,000,000. The Company raised net proceeds of US\$114,761,000 (after deduction of underwriting discounts and commissions and other expenses).

At any time and from time to time prior to 8 March 2022, the Company may redeem the 2022 Notes I & II at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

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30. 優先票據 (續)

二零二三年票據I

於二零一九年四月三日，本公司發行本金總額為420,000,000美元的二零二三年票據I，票面利率為8.65%，並於二零二三年到期。本公司籌得所得款項淨額415,621,000美元（經扣除包銷折扣及佣金以及其他開支）。於二零二三年一月二十一日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二三年票據I。贖回價詳情於相關發售備忘錄內披露。

二零二二年票據III

於二零一九年十月三日，本公司發行本金總額為300,000,000美元的二零二二年票據III，票面利率為8.7%，並於二零二二年到期。本公司籌得所得款項淨額293,962,000美元（經扣除包銷折扣及佣金以及其他開支）。於二零二二年八月三日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二二年票據III。贖回價詳情於相關發售備忘錄內披露。

二零二三年票據II

於二零一九年十一月六日，本公司發行本金總額為300,000,000美元的二零二三年票據II，票面利率為9.15%，並於二零二三年到期。本公司籌得所得款項淨額296,629,000美元（經扣除包銷折扣及佣金以及其他開支）。於二零二三年五月六日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二三年票據II。贖回價詳情於相關發售備忘錄內披露。

30. SENIOR NOTES (Continued)

2023 Notes I

On 3 April 2019, the Company issued the 2023 Notes I at a coupon rate of 8.65% due within 2023 with an aggregate principal amount of US\$420,000,000. The Company raised net proceeds of US\$415,621,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 21 January 2023, the Company may redeem the 2023 Notes I at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

2022 Notes III

On 3 October 2019, the Company issued the 2022 Notes III at a coupon rate of 8.7% due within 2022 with an aggregate principal amount of US\$300,000,000. The Company raised net proceeds of US\$293,962,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 3 August 2022, the Company may redeem the 2022 Notes III at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

2023 Notes II

On 6 November 2019, the Company issued the 2023 Notes II at a coupon rate of 9.15% due within 2023 with an aggregate principal amount of US\$300,000,000. The Company raised net proceeds of US\$296,629,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 6 May 2023, the Company may redeem the 2023 Notes II at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

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二零二零年十二月三十一日
31 December 2020

30. 優先票據 (續)

二零二四年票據I

於二零二零年一月十四日，本公司發行本金總額為290,000,000美元的二零二四年票據I，票面利率為7.88%，並於二零二四年到期。本公司籌得所得款項淨額286,288,000美元（經扣除包銷折扣及佣金以及其他開支）。於二零二四年四月十四日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二四年票據I。贖回價詳情於相關發售備忘錄內披露。

二零二一年票據IV

於二零二零年三月二日，本公司發行本金總額為200,000,000美元的二零二一年票據IV，票面利率為5.6%，並於二零二一年到期。本公司籌得所得款項淨額198,645,000美元（經扣除包銷折扣及佣金以及其他開支）。於二零二一年二月二十八日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二一年票據IV。贖回價詳情於相關發售備忘錄內披露。

二零二四年票據II

於二零二零年五月二十一日，本公司發行本金總額為200,000,000美元的二零二四年票據II，票面利率為8.35%，並於二零二四年到期。本公司籌得所得款項淨額197,345,000美元（經扣除包銷折扣及佣金以及其他開支）。於二零二四年三月十日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二四年票據II。贖回價詳情於相關發售備忘錄內披露。

30. SENIOR NOTES (Continued)

2024 Notes I

On 14 January 2020, the Company issued the 2024 Notes I at a coupon rate of 7.88% due within 2024 with an aggregate principal amount of US\$290,000,000. The Company raised net proceeds of US\$286,288,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 14 April 2024, the Company may redeem the 2024 Notes I at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

2021 Notes IV

On 2 March 2020, the Company issued the 2021 Notes IV at a coupon rate of 5.6% due within 2021 with an aggregate principal amount of US\$200,000,000. The Company raised net proceeds of US\$198,645,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 28 February 2021, the Company may redeem the 2021 Notes IV at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

2024 Notes II

On 21 May 2020, the Company issued the 2024 Notes II at a coupon rate of 8.35% due within 2024 with an aggregate principal amount of US\$200,000,000. The Company raised net proceeds of US\$197,345,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 10 March 2024, the Company may redeem the 2024 Notes II at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

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Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

30. 優先票據 (續)

二零二三年票據III

於二零二零年六月十五日，本公司發行本金總額為200,000,000美元的二零二三年票據III，票面利率為8.3%，並於二零二三年到期。本公司籌得所得款項淨額197,594,000美元（經扣除包銷折扣及佣金以及其他開支）。於二零二三年九月十五日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二三年票據III。贖回價詳情於相關發售備忘錄內披露。

二零二一年票據V

於二零二零年八月十四日，本公司發行本金總額為人民幣1,000,000,000元的二零二一年票據V，票面利率為7.4%，並於二零二一年到期。本公司籌得所得款項淨額人民幣997,270,000元（經扣除包銷折扣及佣金以及其他開支）。於二零二一年八月十二日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二一年票據V。贖回價詳情於相關發售備忘錄內披露。

二零二五年票據I

於二零二零年九月十一日，本公司發行本金總額為350,000,000美元的二零二五年票據I，票面利率為7.35%，並於二零二五年到期。本公司籌得所得款項淨額345,592,000美元（經扣除包銷折扣及佣金以及其他開支）。於二零二五年二月五日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二五年票據I。贖回價詳情於相關發售備忘錄內披露。

30. SENIOR NOTES (Continued)

2023 Notes III

On 15 June 2020, the Company issued the 2023 Notes III at a coupon rate of 8.3% due within 2023 with an aggregate principal amount of US\$200,000,000. The Company raised net proceeds of US\$197,594,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 15 September 2023, the Company may redeem the 2023 Notes III at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

2021 Notes V

On 14 August 2020, the Company issued the 2021 Notes V at a coupon rate of 7.4% due within 2021 with an aggregate principal amount of RMB1,000,000,000. The Company raised net proceeds of RMB997,270,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 12 August 2021, the Company may redeem the 2021 Notes V at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

2025 Notes I

On 11 September 2020, the Company issued the 2025 Notes I at a coupon rate of 7.35% due within 2025 with an aggregate principal amount of US\$350,000,000. The Company raised net proceeds of US\$345,592,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 5 February 2025, the Company may redeem the 2025 Notes I at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

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二零二零年十二月三十一日
31 December 2020

30. 優先票據 (續)

二零二一年票據VI

於二零二零年十一月二十日，本公司發行本金總額為200,000,000美元的二零二一年票據VI，票面利率為5.95%，並於二零二一年到期。本公司籌得所得款項淨額198,415,000美元（經扣除包銷折扣及佣金以及其他開支）。於二零二一年十一月十八日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二一年票據VI。贖回價詳情於相關發售備忘錄內披露。

二零二一年票據III & IV & V & VI、二零二二年票據I & II & III、二零二三年票據I & II & III、二零二四年票據I & II及二零二五年票據I由本集團若干現有附屬公司擔保。

由於二零二一年票據III & IV & V & VI、二零二二年票據I & II & III、二零二三年票據I & II & III、二零二四年票據I & II及二零二五年票據I的提早贖回期權的公平值並不重大，因此本集團未於發行日期及二零二零年十二月三十一日確認該等公平值。

30. SENIOR NOTES (Continued)

2021 Notes VI

On 20 November 2020, the Company issued the 2021 Notes VI at a coupon rate of 5.95% due within 2021 with an aggregate principal amount of US\$200,000,000. The Company raised net proceeds of US\$198,415,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 18 November 2021, the Company may redeem the 2021 Notes VI at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The 2021 Notes III & IV & V & VI, the 2022 Notes I & II & III, the 2023 Notes I & II & III, the 2024 Notes I & II and the 2025 Notes I are guaranteed by certain of the Group's existing subsidiaries.

The fair values of the early redemption options of the 2021 Notes III & IV & V & VI, the 2022 Notes I & II & III, the 2023 Notes I & II & III, the 2024 Notes I & II and the 2025 Notes I were not significant, and therefore, were not recognised by the Group on inception and at 31 December 2020.

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二零二零年十二月三十一日

31 December 2020

31. 公司債券

31. CORPORATE BONDS

		二零二零年 一月一日	已發行	利息開支	二零二零年 十二月三十一日	
		1 January 2020	Issued	Interest	31 December	
		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
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
債券名稱	Name of bonds				付款	
				expense	Payment	
正榮債券II	Zhenro Bond II	2,024,173	—	125,827	2,150,000	—
正榮債券III	Zhenro Bond III	359,237	—	25,341	23,800	360,778
正榮債券IV	Zhenro Bond IV	1,109,376	—	79,064	78,760	1,109,680
正榮債券V	Zhenro Bond V	1,055,345	—	64,496	63,000	1,056,841
正榮債券VI	Zhenro Bond VI	957,172	—	64,078	1,021,250	—
正榮債券VII	Zhenro Bond VII	—	991,437	25,390	—	1,016,827
正榮債券VIII	Zhenro Bond VIII	—	994,369	16,509	—	1,010,878
		5,505,303	1,985,806	400,705	3,336,810	4,555,004

		二零一九年 一月一日	已發行	利息開支	二零一九年 十二月三十一日	
		1 January 2019	Issued	Interest	31 December	
		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
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
債券名稱	Name of bonds			expense	Payment	
正榮債券I	Zhenro Bond I	1,115,788	—	71,559	1,187,347	—
正榮債券II	Zhenro Bond II	2,034,399	—	139,774	150,000	2,024,173
正榮債券III	Zhenro Bond III	—	347,375	11,862	—	359,237
正榮債券IV	Zhenro Bond IV	—	1,095,050	14,326	—	1,109,376
正榮債券V	Zhenro Bond V	—	1,045,275	10,070	—	1,055,345
正榮債券VI	Zhenro Bond VI	—	945,725	11,447	—	957,172
		3,150,187	3,433,425	259,038	1,337,347	5,505,303

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Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

31. 公司債券 (續)

各年度末，本集團應償還的公司債券如下：

31. CORPORATE BONDS (Continued)

As at the end of each of the years, the Group's corporate bonds were repayable as follows:

		二零二零年 十二月三十一日 31 December 2020 人民幣千元 RMB'000	二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000
須於一年內償還	Repayable within one year	1,470,458	2,024,173
須於第二年償還	Repayable in the second year	2,067,719	2,425,785
須於三至五年內償還	Repayable in the third to fifth years	1,016,827	1,055,345
		4,555,004	5,505,303

正榮債券III & IV

於二零一九年六月十四日，本集團之全資附屬公司正榮地產控股股份有限公司（「正榮地產控股」）發行本金額為人民幣350,000,000元的三年期公司債券（「正榮債券III」），債券於上海證券交易所上市。正榮債券III以人民幣計值並按年利率6.8%計息，應自二零二零年六月十四日起於每年的六月十四日或最接近六月十四日的營業日按年支付。經扣除發行成本後，本集團因發行收取所得款項淨額人民幣347,375,000元。截至二零二零年十二月三十一日止年度的實際年利率為7.29%（截至二零一九年十二月三十一日止年度：7.29%）。

Zhenro Bond III & IV

On 14 June 2019, Zhenro Property Holdings Company Limited ("Zhenro Property Holdings"), a wholly-owned subsidiary of the Group, issued a three-year corporate bond with a principal amount of RMB350,000,000 ("Zhenro Bond III"), which was listed on the Shanghai Stock Exchange. Zhenro Bond III is denominated in RMB and bears interest at a rate of 6.8% per annum, payable annually in arrears on or on the business day nearest to 14 June of each year, beginning 14 June 2020. After deducting the issuance costs, the Group received net proceeds of RMB347,375,000 from the issuance. The effective interest rate was 7.29% on an annual basis for the year ended 31 December 2020 (the year ended 31 December 2019: 7.29%).

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Notes to Financial Statements

二零二零年十二月三十一日

31 December 2020

31. 公司債券 (續)

正榮債券III & IV (續)

於二零一九年九月十八日，正榮地產控股發行本金額為人民幣1,100,000,000元的四年期公司債券（「正榮債券IV」），債券於上海證券交易所上市。正榮債券IV以人民幣計值並按年利率7.16%計息，應自二零二零年九月十八日起於每年的九月十八日或最接近九月十八日的營業日按年支付。經扣除發行成本後，本集團因發行收取所得款項淨額人民幣1,095,050,000元。截至二零一九年及二零二零年十二月三十一日止年度的實際年利率分別為7.52%。

根據正榮債券III及正榮債券IV的條款，正榮地產控股可選擇於第二年末調整利率（剩餘期間將固定），且債券持有人可選擇於第二年末按相等於債券本金額100%另加截至購股權行使日期應計及未付利息的價格將債券全部或部份售回予正榮地產控股。

31. CORPORATE BONDS (Continued)

Zhenro Bond III & IV (Continued)

On 18 September 2019, Zhenro Property Holdings issued a four-year corporate bond with a principal amount of RMB1,100,000,000 ("Zhenro Bond IV"), which was listed on the Shanghai Stock Exchange. Zhenro Bond IV is denominated in RMB and bears interest at a rate of 7.16% per annum, payable annually in arrears on or on the business day nearest to 18 September of each year, beginning 18 September 2020. After deducting the issuance costs, the Group received net proceeds of RMB1,095,050,000 from the issuance. The effective interest rate was 7.52% on an annual basis for the years ended 31 December 2019 and 2020, respectively.

According to the terms of Zhenro Bond III and Zhenro Bond IV, Zhenro Property Holdings may at its option adjust the interest rate at the end of the second year which will be fixed in the remaining period, and the bond holders may at their option sell the bonds back to Zhenro Property Holdings at the end of the second year, in whole or in part, at a price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest to the option exercise date.

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二零二零年十二月三十一日
31 December 2020

31. 公司債券 (續)

正榮債券V & VI

於二零一九年十一月四日，正榮地產控股發行本金額為人民幣1,050,000,000元的三年期公司債券（「正榮債券V」）。正榮債券V以人民幣計值並按年利率6.0%計息，應自二零二零年十一月四日起按年支付。經扣除發行成本後，本集團因發行收取所得款項淨額人民幣1,045,275,000元。截至二零一九年及二零二零年十二月三十一日止年度的實際年利率分別為6.17%。

於二零一九年十一月四日，正榮地產控股發行本金額為人民幣950,000,000元的兩年期公司債券（「正榮債券VI」）。正榮債券VI以人民幣計值並按年利率7.5%計息，應自二零二零年十一月四日起按年支付。經扣除發行成本後，本集團因發行收取所得款項淨額人民幣945,725,000元。截至二零一九年及二零二零年十二月三十一日止年度的實際年利率分別為7.75%。本金額已於二零二零年六月二十八日全數償還。

正榮債券VII & VIII

於二零二零年七月二十七日，正榮地產控股發行本金額為人民幣1,000,000,000元的五年期公司債券（「正榮債券VII」），債券於上海證券交易所上市。正榮債券VII以人民幣計值並按年利率5.75%計息，應自二零二一年七月二十七日起按年支付。經扣除發行成本後，本集團因發行收取所得款項淨額人民幣991,437,000元。截至二零二零年十二月三十一日止年度的實際年利率分別為5.95%。

根正榮債券VII的條款，正榮地產控股可選擇於第三年末調整利率（剩餘期間將固定），且債券持有人可選擇於第三年末按相等於債券本金額100%另加截至購股權行使日期應計及未付利息的價格將債券全部或部份售回予正榮地產控股。

31. CORPORATE BONDS (Continued)

Zhenro Bond V & VI

On 4 November 2019, Zhenro Property Holdings issued a three –year corporate bond with a principal amount of RMB1,050,000,000 (“Zhenro Bond V”). Zhenro Bond V is denominated in RMB and bears interest at a rate of 6.0% per annum, payable annually in arrears, beginning 4 November 2020. After deducting the issuance costs, the Group received net proceeds of RMB1,045,275,000 from the issuance. The effective interest rate was 6.17% on an annual basis for the years ended 31 December 2019 and 2020, respectively.

On 4 November 2019, Zhenro Property Holdings issued a two –year corporate bond with a principal amount of RMB950,000,000 (“Zhenro Bond VI”). Zhenro Bond VI is denominated in RMB and bears interest at a rate of 7.5% per annum, payable annually in arrears, beginning 4 November 2020. After deducting the issuance costs, the Group received net proceeds of RMB945,725,000 from the issuance. The effective interest rate was 7.75% on an annual basis for the years ended 31 December 2019 and 2020, respectively. The principal amount was fully repaid on 28 June 2020.

Zhenro Bond VII & VIII

On 27 July 2020, Zhenro Property Holdings issued a five –year corporate bond with a principal amount of RMB1,000,000,000 (“Zhenro Bond VII”), which was listed on the Shanghai Stock Exchange. Zhenro Bond VII is denominated in RMB and bears interest at a rate of 5.75% per annum, payable annually in arrears, beginning 27 July 2021. After deducting the issuance costs, the Group received net proceeds of RMB991,437,000 from the issuance. The effective interest rate was 5.95% on an annual basis for the year ended 31 December 2020.

According to terms of the Zhenro Bond VII, Zhenro Property Holdings may at its option adjust the interest rate at the end of the third year which will be fixed in the remaining period, and the bond holders may at their option sell the bonds back to Zhenro Property Holdings at the end of the third year, in whole or in part, at a price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest to the option exercise date.

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31. 公司債券 (續)

正榮債券VII & VIII (續)

於二零二零年九月十四日，正榮地產控股發行本金額為人民幣1,000,000,000元的四年期公司債券（「正榮債券VIII」），債券於上海證券交易所上市。正榮債券VIII以人民幣計值並按年利率5.45%計息，應自二零二一年九月十四日起按年支付。經扣除發行成本後，本集團因發行收取所得款項淨額人民幣994,369,000元。截至二零二零年十二月三十一日止年度的實際年利率分別為5.61%。

根據正榮債券VII及正榮債券VIII的條款，正榮地產控股可選擇於第二年末調整利率（剩餘期間將固定），且債券持有人可選擇於第二年末按相等於債券本金額100%另加截至購股權行使日期應計及未付利息的價格將債券全部或部份售回予正榮地產控股。

於初始確認後，公司債券其後採用實際利率法按攤銷成本計量。收益及虧損於終止確認負債時通過實際利率攤銷過程於損益內確認。

攤銷成本經計及任何收購折讓或溢價後計算，並包括屬於實際利率組成部份的各項費用或成本。實際利率攤銷計入損益的融資成本內。

於二零二零年十二月三十一日，公司債券的公平值為人民幣4,453,781,000元（二零一九年：人民幣5,513,310,000元）。公平值按債券於該等日期的市價計算。正榮房地產控股發行的正榮債券III、正榮債券IV、正榮債券VII及正榮債券VIII的公平值計量分類為公平值層級的第一級，原因是其於上海證券交易所上市。正榮地產控股發行的正榮債券V的公平值計量分類為公平值層級的第二級，原因是其未上市。

31. CORPORATE BONDS (Continued)

Zhenro Bond VII & VIII (Continued)

On 14 September 2020, Zhenro Property Holdings issued a four-year corporate bond with a principal amount of RMB1,000,000,000 ("Zhenro Bond VIII"), which was listed on the Shanghai Stock Exchange. Zhenro Bond VIII is denominated in RMB and bears interest at a rate of 5.45% per annum, payable annually in arrears, beginning 14 September 2021. After deducting the issuance costs, the Group received net proceeds of RMB994,369,000 from the issuance. The effective interest rate was 5.61% on an annual basis for the year ended 31 December 2020.

According to the terms of Zhenro Bond VII and Zhenro Bond VIII, Zhenro Property Holdings may at its option adjust the interest rate at the end of the second year which will be fixed in the remaining period, and the bond holders may at their option sell the bonds back to Zhenro Property Holdings at the end of the second year, in whole or in part, at a price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest to the option exercise date.

After initial recognition, the corporate bonds are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

As at 31 December 2020, the fair value of the corporate bonds was RMB4,453,781,000 (2019: RMB5,513,310,000). The fair value is calculated using the market price of the bonds on those dates. The fair value measurement of Zhenro Bond III, Zhenro Bond IV, Zhenro Bond VII and Zhenro Bond VIII issued by Zhenro Property Holdings is categorised within level 1 of the fair value hierarchy as they are listed on the Shanghai Stock Exchange. The fair value measurement of Zhenro Bond V issued by Zhenro Property Holdings is categorised within level 2 of fair value hierarchy as they are not listed.

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32. 股本 股份

32. SHARE CAPITAL Shares

		二零二零年 十二月三十一日 31 December 2020 美元 US\$	二零一九年 十二月三十一日 31 December 2019 美元 US\$
已發行及悉數繳足：4,367,756,000股 (二零一九年：4,367,756,000股) 普通股每股面值0.00001美元 (二零一九年：每股面值0.00001美元)	Issued and fully paid: 4,367,756,000 (2019: 4,367,756,000) ordinary shares of US\$0.00001 each (2019: US\$0.00001 each)	43,678	43,678

本公司股本變動概要如下：

A summary of movements in the Company's share capital is as follows:

		已發行股份數目 Number of share in issue	股本 Share capital 人民幣千元 RMB'000
於二零一九年一月一日	At 1 January 2019	4,123,000,000	265
配下發行之普通股	Issue of ordinary shares on placement	244,756,000	17
於二零一九年十二月三十一日及 二零二零年一月一日	At 31 December 2019 and 1 January 2020	4,367,756,000	282
於二零二零年十二月三十一日	At 31 December 2020	4,367,756,000	282

於二零一九年七月三十日，本公司按每股4.95港元配售及認購244,756,000股額外股份，總現金代價為1,199,800,000港元（相等於約人民幣1,056,452,000元）。股本金額約為人民幣17,000元，發行所得股份溢價約為人民幣1,056,435,000元（扣除股份發行成本）。股份發行成本主要包括股份承銷佣金及其他相關成本，其為發行新股直接應佔新增成本。該等成本為數人民幣10,323,000元，自發行所產生的股份溢價中扣除。

On 30 July 2019, the Company completed the placing and subscription of 244,756,000 additional shares at HK\$4.95 per share for a total cash consideration of HK\$1,199,800,000 (equivalent to approximately RMB1,056,452,000). The share capital amount was approximately RMB17,000 and share premium arising from the issuance was approximately RMB1,056,435,000, net of share issuance costs. The share issuance costs mainly included share underwriting commissions and other related costs, which were incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB10,323,000 were treated as a deduction against the share premium arising from the issuance.

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33. 儲備

截至二零二零年十二月三十一日止年度，本集團的儲備金額及其變動呈列於綜合權益變動表。

(a) 股份溢價

股份溢價指已發行股份賬面值與已收取代價的差額。

(b) 合併儲備

本集團的合併儲備指公司重組及重組完成前本集團現時旗下公司的當時控股公司的已發行股本及本集團現時旗下公司的若干附屬公司權益持有人的注資。

(c) 資本儲備

資本儲備指在收購附屬公司非控股權益的情況下，收購成本及所收購非控股權益之間的差額，或就在不失去控制權的情況下向非控股股東出售附屬公司部分股權而言，出售所得款項及所出售非控股權益之間的差額。資本儲備變動詳情載於綜合權益變動表。

(d) 法定盈餘儲備

根據中國公司法及於中國成立的附屬公司的組織章程細則，本集團須按稅後溢利淨額的10%提取法定盈餘儲備，此乃根據中國會計準則釐定，直至儲備餘額達到其註冊資本50%為止。受相關中國法規及本集團組織章程細則所載若干限制的規限，法定盈餘儲備可用於抵銷虧損或轉換為增加股本，但轉換後儲備餘額不得少於本集團註冊資本的25%。儲備不得用作其設立目的以外的其他用途，亦不得作為現金股息分派。

(e) 匯兌波動儲備

匯兌波動儲備包括換算集團實體的財務報表產生的所有外匯差額。該儲備根據附註2.4所載的會計政策處理。

33. RESERVES

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2020 are presented in the consolidated statement of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the Corporate Restructuring and the Reorganisation.

(c) Capital reserve

The capital reserve represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of acquisition of additional non-controlling interests of subsidiaries, or, the difference between the proceeds from disposal and the non-controlling interests disposed of in the case of disposal of partial equity interests in subsidiaries to non-controlling shareholders without loss of control. Details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

(d) Statutory surplus reserves

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserves until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserves may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserves cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.

(e) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

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34. 永續資本證券

34. PERPETUAL CAPITAL SECURITIES

		本金 Principal 人民幣千元 RMB'000	分銷 Distribution 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
於二零一九年一月一日之結餘	Balance as at 1 January 2019	2,974,443	33,781	3,008,224
本集團發行永久資本證券	Issuance of perpetual capital securities by the Group	1,363,107	—	1,363,107
永續資本證券持有人應佔溢利	Profit attributable to holders of perpetual capital securities	—	267,622	267,622
贖回永續資本證券	Redemption of perpetual capital securities	(2,974,443)	—	(2,974,443)
付款	Payment	—	(225,000)	(225,000)
於二零一九年十二月三十一日之結餘	Balance as at 31 December 2019	1,363,107	76,403	1,439,510
於二零二零年一月一日之結餘	Balance as at 1 January 2020	1,363,107	76,403	1,439,510
永續資本證券持有人應佔溢利	Profit attributable to holders of perpetual capital securities	—	135,043	135,043
付款	Payment	—	(155,846)	(155,846)
於二零二零年十二月三十一日之結餘	Balance as at 31 December 2020	1,363,107	55,600	1,418,707

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34. 永續資本證券 (續)

於二零一九年六月十九日，本公司發行本金額為200,000,000美元的優先永續資本證券（「永續資本證券II」）。扣除發行成本後的所得款項淨額總額為198,274,000美元。永續資本證券II並無固定到期日，可由本公司選擇於二零二二年一月二十五日或以後按本金額連同應計、未付或延遲派息付款贖回。工具自發行日起至二零二二年一月二十五日的分派率為年息率10.25%，加上以後每年遞進息率5%。本集團並無為永續資本證券II作出擔保或質押。本公司可按其全權酌情選擇根據證券的條款延遲分派。除非及直至本公司全數支付所有未付拖欠分派及任何額外分派金額，否則本公司不得宣派或派付任何股息、或分派或作出付款，並將促使不會就此派付股息或作出其他支付或贖回、削減、註銷、購回或以任何代價收購。本公司可選擇贖回全部而非部份證券。本公司並無責任就永續工具交付現金、支付利息或行使其贖回權。因此，永續資本證券II分類為權益工具，並在綜合財務狀況表內呈列作權益的一部份。

34. PERPETUAL CAPITAL SECURITIES (Continued)

On 19 June 2019, the Company issued senior perpetual capital securities (the “Perpetual Capital Securities II”) with the principal amount of US\$200,000,000. Net proceeds after deducting the issue cost amounted to US\$198,274,000 in total. The Perpetual Capital Securities II have no fixed maturity date and are redeemable on or after 25 January 2022 at the Company’s option at the principal amount together with accrued, unpaid or deferred distribution payments. The distribution rate for the instruments is 10.25% per annum from the date of issue to 25 January 2022, then increases by 5% per annum thereafter. No guarantee or pledge was made by the Group for the Perpetual Capital Securities II. 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 or distributions, or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buyback or acquire for any consideration thereof. Securities may be redeemed at the option of the Company, in whole but not in part. The Company has no obligation to deliver cash in respect of the perpetual instruments, pay interest nor exercise its right of redemption. Therefore, the Perpetual Capital Securities II are classified as equity instruments and presented as a part of equity in the consolidated statement of financial position.

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35. 綜合現金流量表附註

(a) 主要非現金交易

年內，本集團就辦公樓宇租賃安排作出之使用權資產及租賃負債的非現金添置分別為人民幣2,703,000元及人民幣2,703,000元（二零一九年：人民幣58,957,000元及人民幣58,957,000元）。

(b) 融資活動產生的負債變動

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,703,000 and RMB2,703,000, respectively, in respect of lease arrangements for office buildings (2019: RMB58,957,000 and RMB58,957,000).

(b) Changes in liabilities arising from financing activities

		計息銀行及 其他借款 Interest- bearing bank and other borrowings	優先票據 Senior notes	公司債券 Corporate bonds	資產 支持證券 Asset- backed securities	租賃負債 Lease liabilities	應付關聯 公司款項 Due to related companies	來自融資活動 的負債總額 Total liabilities from financing activities
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
於二零一八年十二月三十一日	At 31 December 2018	38,170,589	5,170,825	3,150,187	3,285,661	—	3,332,983	53,110,245
採納國際財務報告準則 第16號的影響	Effect of adoption of IFRS 16	—	—	—	—	101,792	—	101,792
於二零一九年一月一日（重列）	At 1 January 2019 (restated)	38,170,589	5,170,825	3,150,187	3,285,661	101,792	3,332,983	53,212,037
融資活動所得	Cash flows from							
現金流量	financing activities	(1,668,288)	10,789,077	2,317,637	—	(29,101)	4,174,979	15,584,304
非融資活動所得	Cash flows from							
現金流量	non-financing activities	(185,179)	883,142	37,479	60,673	58,957	(121,718)	733,354
於二零一九年十二月三十一日	At 31 December 2019	36,317,122	16,843,044	5,505,303	3,346,334	131,648	7,386,244	69,529,695
融資活動所得	Cash flows from							
現金流量	financing activities	8,630,272	3,804,632	(964,193)	(253,993)	(31,247)	279,648	11,465,119
非融資活動所得	Cash flows from							
現金流量	non-financing activities	(3,186,099)	320,394	13,894	9,510	2,703	6,150,936	3,311,338
於二零二零年十二月三十一日	At 31 December 2020	41,761,295	20,968,070	4,555,004	3,101,851	103,104	13,816,828	84,306,152

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35. 綜合現金流量表附註 (續)

(c) 租賃總現金流出

計入現金流量表的租賃總現金流出如下：

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
經營活動內	Within operating activities	(6,619)	(6,591)
融資活動內	Within financing activities	(31,247)	(29,101)
		(37,866)	(35,692)

36. 擁有重大非控股權益的非全資附屬公司

本集團擁有重大非控股權益的附屬公司詳情載列如下：

二零二零年十二月三十一日

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests were set out below:

31 December 2020

		透過非控股 權益持有的 股權百分比 Percentage of equity interest held by non-controlling interests %	分配至非控股 權益的年內溢利 Profit for the year allocated to non-controlling interests 人民幣千元 RMB'000	非控股權益 累計結餘 Accumulated balances of non- controlling interests 人民幣千元 RMB'000
南京泰麒置業發展有限公司 (「南京泰麒」)	Nanjing Taiqi Real Estate Development Co., Ltd ("Nanjing Taiqi")	75.00	198,476	253,835
南京善盛房地產開發有限公司 (「南京善盛」)	Nanjing Shansheng Property Development Co., Ltd ("Nanjing Shansheng")	79.50	265,767	942,331
南京正業置業發展有限公司 (「南京正業」)	Nanjing Zhengye Real Estate Development Co., Ltd ("Nanjing Zhengye")	50.02	(13,203)	827,766

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36. 擁有重大非控股權益的非全資附屬公司 (續)

二零一九年十二月三十一日

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

31 December 2019

		透過非控股 權益持有的 股權百分比	分配至非控股 權益的年內 溢利／(虧損)	非控股權益 累計結餘
		Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Accumulated balances of non- controlling interests
		%	人民幣千元	人民幣千元
		%	RMB'000	RMB'000
合肥永拓置業發展有限公司 (「合肥永拓」)	Hefei Yongtuo Real Estate Development Co., Ltd (“Hefei Yongtuo”)	75.00	540,537	802,151
正榮山田正泰(平潭)置業發展有限公司 (「平潭正泰」)	Zhenro Shantian Zhengtai (Pingtan) Real Estate Development Co., Ltd (“Pingtan Zhengtai”)	49.00	214,738	215,793
福州正宏誠心房地產開發有限公司 (「正宏誠心」)	Fuzhou Zhenghong Chengxin Property Development Co., Ltd (“Zhenghong Chengxin”)	74.00	1	1,627,600
鄭州新榮桂置業有限公司 (「鄭州新榮桂」)	Zhengzhou Xinronggui Real Estate Co., Ltd (“Zhengzhou Xinronggui”)	42.10	(43,289)	1,211,453

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36. 擁有重大非控股權益的非全資附屬公司 (續)

下表說明上述附屬公司的概要財務資料。所披露的金額未計及任何公司間抵銷：

二零二零年十二月三十一日

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

31 December 2020

		南京泰麒 Nanjing Taiqi 人民幣千元 RMB'000	南京善盛 Nanjing Shansheng 人民幣千元 RMB'000	南京正業 Nanjing Zhengye 人民幣千元 RMB'000
收益	Revenue	1,132,552	1,848,443	13
開支總額	Total expenses	(697,307)	(1,400,560)	(35,108)
所得稅開支	Income tax expense	(170,611)	(113,585)	8,699
年內溢利及全面收益總額	Profit and total comprehensive income for the year	264,634	334,298	(26,396)
流動資產	Current assets	2,577,305	1,494,754	3,008,138
非流動資產	Non-current assets	17,246	16,874	9,683
流動負債	Current liabilities	(2,248,764)	(326,306)	(1,362,650)
非流動負債	Non-current liabilities	(7,340)	—	—
		338,447	1,185,322	1,654,871
經營活動(所用)/所得現金流量淨額	Net cash flows (used in)/from operating activities	(198,540)	957,919	(132,653)
投資活動所得現金流量淨額	Net cash flows from investing activities	—	—	—
融資活動(所用)/所得現金流量淨額	Net cash flows (used in)/from financing activities	(65,862)	(1,120,251)	494,493
現金及現金等價物(減少)/增加淨額	Net (decrease)/increase in cash and cash equivalents	(264,402)	(162,332)	361,840

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36. 擁有重大非控股權益的非全資附屬公司 (續)

下表說明上述附屬公司的概要財務資料。所披露的金額未計及任何公司間抵銷：(續)

二零一九年十二月三十一日

36. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations: (Continued)

31 December 2019

		合肥永拓 Hefei Yongtuo 人民幣千元 RMB'000	平潭正泰 Pingtan Zhengtai 人民幣千元 RMB'000	正宏誠心 Zhenghong Chengxin 人民幣千元 RMB'000	鄭州新榮桂 Zhengzhou Xinronggui 人民幣千元 RMB'000
收益	Revenue	4,035,819	1,556,999	3	1,387
開支總額	Total expenses	(3,045,809)	(731,439)	(1)	(138,271)
所得稅開支	Income tax expense	(269,294)	(387,319)	—	34,062
年內溢利／(虧損) 及 全面收益總額	Profit/(loss) and total comprehensive income for the year	720,716	438,241	2	(102,822)
流動資產	Current assets	1,835,605	979,882	2,199,459	5,291,155
非流動資產	Non-current assets	43,349	108,878	—	56,757
流動負債	Current liabilities	(809,419)	(648,366)	—	(1,980,351)
非流動負債	Non-current liabilities	—	—	—	(490,000)
		1,069,535	440,394	2,199,459	2,877,561
經營活動所得／(所用)	Net cash flows from/(used in)				
現金流量淨額	operating activities	603,409	(131,334)	(549)	829,528
投資活動所用	Net cash flows used in				
現金流量淨額	investing activities	(19)	—	—	—
融資活動(所用)／所得	Net cash flows (used in)/from				
現金流量淨額	financing activities	(883,765)	159,681	600	(652,712)
現金及現金等價物(減少)／ 增加淨額	Net (decrease)/increase in cash and cash equivalents	(280,375)	28,347	51	176,816

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37. 業務合併

a) 收購南昌建美

本集團持有南昌建美總股權的19%，該公司從事房地產開發，先前按本集團的合營企業入賬。於二零二零年一月三日，本集團以現金代價人民幣69,100,000元收購南昌建美的額外20%股權。於收購事項後，根據與當時股權持有人的合約安排及組織章程細則，本集團在股東大會上持有51%的投票權，並在董事會的五名董事中可任命三名，這兩者使本集團有能力指導南昌建美的相關活動。因此，南昌建美按本集團的附屬公司入賬。是次收購為本集團擴大房地產開發及運營市場份額戰略的一部份。

b) 收購南昌正潤

本集團持有南昌正潤總股權的25%，該公司從事房地產開發，先前按本集團的合營企業入賬。於二零二零年一月三日，本集團以現金代價人民幣94,221,000元收購南昌正潤的額外23%股權。於收購事項後，根據與當時股權持有人的合約安排及組織章程細則，本集團在股東大會上持有51%的投票權，並在董事會的五名董事中可任命四名，這兩者使本集團有能力指導南昌正潤的相關活動。因此，南昌正潤按本集團的附屬公司入賬。是次收購為本集團擴大房地產開發及運營市場份額戰略的一部份。

37. BUSINESS COMBINATIONS

a) Acquisition of Nanchang Jianmei

The Group held 19% of total equity interest in Nanchang Jianmei, which is engaged in property development and was accounted for as a joint venture of the Group previously. On 3 January 2020, the Group acquired an additional 20% equity interest in Nanchang Jianmei at a cash consideration of RMB69,100,000. After the acquisition, the Group held 51% of voting rights in shareholders' meetings according to the contractual arrangement and articles of associations with the then equity holders and could appoint 3 out of 5 directors on the board of directors, both of which give the Group the current ability to direct the relevant activities of Nanchang Jianmei. Accordingly, Nanchang Jianmei was accounted for as a subsidiary of the Group. The acquisition was part of the Group's strategy to expand its market share of property development and operation.

b) Acquisition of Nanchang Zhengrun

The Group held 25% of total equity interest in Nanchang Zhengrun, which is engaged in property development and was accounted for as a joint venture of the Group previously. On 3 January 2020, the Group acquired an additional 23% equity interest in Nanchang Zhengrun at a cash consideration of RMB94,221,000. After the acquisition, the Group held 51% of voting rights in shareholders' meetings according to the contractual arrangement and articles of associations with the then equity holders and could appoint 4 out of 5 directors on the board of directors, both of which give the Group the current ability to direct the relevant activities of Nanchang Zhengrun. Accordingly, Nanchang Zhengrun was accounted for as a subsidiary of the Group. The acquisition was part of the Group's strategy to expand its market share of property development and operation.

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37. 業務合併 (續)

c) 收購張家港耀輝

本集團持有張家港耀輝總股權的13%，該公司從事房地產開發，先前按本集團的聯營公司入賬。於二零二零年二月三日，本集團以現金代價人民幣14,048,000元收購張家港耀輝的額外13%股權。於收購事項後，根據與當時股權持有人的合約安排及組織章程細則，本集團在股東大會上持有58.32%的投票權，並在董事會的十三名董事中可任命八名，這兩者使本集團有能力指導張家港耀輝的相關活動。因此，張家港耀輝按本集團的附屬公司入賬。是次收購為本集團擴大房地產開發及運營市場份額戰略的一部份。

d) 收購天津正晟

本集團持有天津正晟總股權的50%，該公司從事房地產開發，先前按本集團的聯營公司入賬。於二零二零年四月十六日，本集團以現金代價人民幣30,000,000元收購天津正晟的額外50%股權。於收購事項完成後，天津正晟成為本集團的全資附屬公司。是次收購為本集團擴大房地產開發及運營市場份額戰略的一部份。

37. BUSINESS COMBINATIONS (Continued)

c) Acquisition of Zhangjiagang Yaohui

The Group held 13% of total equity interest in Zhangjiagang Yaohui, which is engaged in property development and was accounted for as an associate of the Group previously. On 3 February 2020, the Group acquired an additional 13% equity interest in Zhangjiagang Yaohui at a cash consideration of RMB14,048,000. After the acquisition, the Group held 58.32% of voting rights in shareholders' meetings according to the contractual arrangement and articles of associations with the then equity holders and could appoint 8 out of 13 directors on the board of directors, both of which give the Group the current ability to direct the relevant activities of Zhangjiagang Yaohui. Accordingly, Zhangjiagang Yaohui was accounted for as a subsidiary of the Group. The acquisition was part of the Group's strategy to expand its market share of property development and operation.

d) Acquisition of Tianjin Zhengsheng

The Group held 50% of total equity interest in Tianjin Zhengsheng, which is engaged in property development and was accounted for as an associate of the Group previously. On 16 April 2020, the Group acquired an additional 50% equity interest in Tianjin Zhengsheng at a cash consideration of RMB30,000,000. After the acquisition, Tianjin Zhengsheng became a wholly-owned subsidiary of the Group. The acquisition was part of the Group's strategy to expand its market share of property development and operation.

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37. 業務合併 (續)

e) 收購南京泰麒

本集團持有南京泰麒總股權的20%，該公司從事房地產開發，先前按本集團的聯營公司入賬。於二零二零年七月七日，本集團以現金代價人民幣5,000,000元收購南京泰麒的額外5%股權。於收購事項後，根據與當時股權持有人的合約安排及組織章程細則，本集團在股東大會上持有64%的投票權，並在董事會的九名董事中可任命六名，這兩者使本集團有能力指導南京泰麒的相關活動。因此，南京泰麒按本集團的附屬公司入賬。是次收購為本集團擴大房地產開發及運營市場份額戰略的一部份。

f) 蘇州正信

本集團持有蘇州正信總股權的16.39%，該公司從事房地產開發，先前按本集團的合營企業入賬。於二零二零年七月七日，本集團以現金代價人民幣20,136,000元收購蘇州正信的額外14.4%股權。於收購事項後，根據與當時股權持有人的合約安排及組織章程細則，本集團在股東大會上持有100%的投票權，並在董事會的七名董事中可任命七名，這兩者使本集團有能力指導蘇州正信的相關活動。因此，蘇州正信按本集團的附屬公司入賬。是次收購為本集團擴大房地產開發及運營市場份額戰略的一部份。

37. BUSINESS COMBINATIONS (Continued)

e) Acquisition of Nanjing Taiqi

The Group held 20% of total equity interest in Nanjing Taiqi, which is engaged in property development and was accounted for as an associate of the Group previously. On 7 July 2020, the Group acquired an additional 5% equity interest in Nanjing Taiqi at a cash consideration of RMB5,000,000. After the acquisition, the Group held 64% of voting rights in shareholders' meetings according to the contractual arrangement and articles of associations with the then equity holders and could appoint 6 out of 9 directors on the board of directors, both of which give the Group the current ability to direct the relevant activities of Nanjing Taiqi. Accordingly, Nanjing Taiqi was accounted for as a subsidiary of the Group. The acquisition was part of the Group's strategy to expand its market share of property development and operation.

f) Acquisition of Suzhou Zhengxin

The Group held 16.39% of total equity interest in Suzhou Zhengxin, which is engaged in property development and was accounted for as a joint venture of the Group previously. On 7 July 2020, the Group acquired an additional 14.4% equity interest in Suzhou Zhengxin at a cash consideration of RMB20,136,000. After the acquisition, the Group held 100% of voting rights in shareholders' meetings according to the contractual arrangement and articles of associations with the then equity holders and could appoint 7 out of 7 directors on the board of directors, both of which give the Group the current ability to direct the relevant activities of Suzhou Zhengxin. Accordingly, Suzhou Zhengxin was accounted for as a subsidiary of the Group. The acquisition was part of the Group's strategy to expand its market share of property development and operation.

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37. 業務合併 (續)

g) 收購宜興嘉譽

本集團持有宜興嘉譽總股權的20%，該公司從事房地產開發，先前按本集團的聯營公司入賬。於二零二零年十一月二十日，本集團以現金代價人民幣5,000,000元收購宜興嘉譽的額外5%股權。於收購事項後，根據與當時股權持有人的合約安排及組織章程細則，本集團在股東大會上持有100%的投票權，並在董事會的五名董事中可任命五名，這兩者使本集團有能力指導宜興嘉譽的相關活動。因此，宜興嘉譽按本集團的附屬公司入賬。是次收購為本集團擴大房地產開發及運營市場份額戰略的一部份。

h) 收購昆山卓彌

本集團持有昆山卓彌總股權的16.66%，該公司從事房地產開發，先前按本集團的聯營公司入賬。於二零二零年七月七日，本集團以現金代價人民幣1,000,000元收購昆山卓彌的額外8.34%股權。於收購事項後，根據與當時股權持有人的合約安排及組織章程細則，本集團在股東大會上持有67%的投票權，並在董事會的六名董事中可任命四名，這兩者使本集團有能力指導昆山卓彌的相關活動。因此，昆山卓彌按本集團的附屬公司入賬。是次收購為本集團擴大房地產開發及運營市場份額戰略的一部份。

37. BUSINESS COMBINATIONS (Continued)

g) Acquisition of Yixing Jiayu

The Group held 20% of total equity interest in Yixing Jiayu, which is engaged in property development and was accounted for as an associate of the Group previously. On 20 November 2020, the Group acquired an additional 5% equity interest in Yixing Jiayu at a cash consideration of RMB5,000,000. After the acquisition, the Group held 100% of voting rights in shareholders' meetings according to the contractual arrangement and articles of associations with the then equity holders and could appoint 5 out of 5 directors on the board of directors, both of which give the Group the current ability to direct the relevant activities of Yixing Jiayu. Accordingly, Yixing Jiayu was accounted for as a subsidiary of the Group. The acquisition was part of the Group's strategy to expand its market share of property development and operation.

h) Acquisition of Kunshan Zhuomi

The Group held 16.66% of total equity interest in Kunshan Zhuomi, which is engaged in property development and was accounted for as an associate of the Group previously. On 7 July 2020, the Group acquired an additional 8.34% equity interest in Kunshan Zhuomi at a cash consideration of RMB1,000,000. After the acquisition, the Group held 67% of voting rights in shareholders' meetings according to the contractual arrangement and articles of associations with the then equity holders and could appoint 4 out of 6 directors on the board of directors, both of which give the Group the current ability to direct the relevant activities of Kunshan Zhuomi. Accordingly, Kunshan Zhuomi was accounted for as a subsidiary of the Group. The acquisition was part of the Group's strategy to expand its market share of property development and operation.

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37. 業務合併 (續)

i) 收購江西東達

於二零二零年九月一日，本集團透過注資人民幣210,000,000元收購江西東達股權的51%，該公司從事房地產開發。因此，江西東達自此按本集團的附屬公司入賬。是次收購為本集團擴大房地產開發及運營市場份額戰略的一部份。

j) 收購鄱陽東投

於二零二零年七月十三日，本集團透過注資人民幣226,000,000元收購鄱陽東投股權的51%，該公司從事房地產開發。因此，鄱陽東投自此按本集團的附屬公司入賬。是次收購為本集團擴大房地產開發及運營市場份額戰略的一部份。

k) 收購弋陽華章

於二零二零年七月十三日，本集團透過注資人民幣70,000,000元收購弋陽華章股權的51%，該公司從事房地產開發。因此，弋陽華章自此按本集團的附屬公司入賬。是次收購為本集團擴大房地產開發及運營市場份額戰略的一部份。

37. BUSINESS COMBINATIONS (Continued)

i) Acquisition of Jiangxi Dongda

On 1 September 2020, the Group acquired a 51% equity interest in Jiangxi Dongda, which is engaged in property development by capital injection of RMB210,000,000. Accordingly, Jiangxi Dongda was accounted for as a subsidiary of the Group since then. The acquisition was part of the Group's strategy to expand its market share of property development and operation.

j) Acquisition of Poyang Dongtou

On 13 July 2020, the Group acquired a 51% equity interest in Poyang Dongtou, which is engaged in property development by capital injection of RMB226,000,000. Accordingly, Poyang Dongtou was accounted for as a subsidiary of the Group since then. The acquisition was part of the Group's strategy to expand its market share of property development and operation.

k) Acquisition of Yiyang Huazhang

On 13 July 2020, the Group acquired a 51% equity interest in Yiyang Huazhang, which is engaged in property development by capital injection of RMB70,000,000. Accordingly, Yiyang Huazhang was accounted for as a subsidiary of the Group since then. The acquisition was part of the Group's strategy to expand its market share of property development and operation.

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37. 業務合併 (續)

所收購公司於收購日期的可識別資產及負債的公平值如下：

37. BUSINESS COMBINATIONS (Continued)

The fair values of the identifiable assets and liabilities of the acquired companies as at the date of acquisition were as follows:

		收購時確認的 公平值 Fair value recognised on acquisition 人民幣千元 RMB'000
現金及現金等價物	Cash and cash equivalents	2,482,432
受限制現金	Restricted cash	301,542
物業、廠房及設備	Property, plant and equipment	7,623
其他無形資產	Other intangible assets	1,934
開發中物業	Properties under development	11,937,530
持作出售的已竣工物業	Completed properties held for sale	2,528,400
預付款項、其他應收款項及其他資產	Prepayments, other receivables and other assets	3,240,287
應收關聯公司款項	Due from related companies	327,618
可收回稅項	Tax recoverable	666,471
遞延所得稅資產	Deferred tax assets	153,222
應付關聯公司款項	Due to related companies	(240,535)
貿易應付款項及應付票據	Trade and bills payables	(442,976)
計息銀行及其他借款	Interest-bearing bank and other borrowings	(400,000)
其他應付款項及應計費用	Other payables and accruals	(966,791)
應付稅項	Tax payable	(145,478)
合約負債	Contract liabilities	(16,857,861)
遞延稅項負債	Deferred tax liabilities	(627,968)
按公平值列賬之可識別淨資產總額	Total identifiable net assets at fair value	1,965,450
一名非控股股東注資	Capital injection by a non-controlling shareholder	20,000
本集團注資	Capital injection by the Group	506,000
非控股權益	Non-controlling interests	2,491,450 (1,447,507)
已收購淨資產	Net assets acquired	1,043,943
業務合併之前持有之投資於 合營企業之公平值	Fair value of investments in the joint ventures held before business combinations	(277,687)
折價收購收益	Gain on bargain purchase	(21,751)
以現金償付	Satisfied by cash	744,505

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37. 業務合併 (續)

有關收購附屬公司的現金流量分析如下：

37. BUSINESS COMBINATIONS (Continued)

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

		人民幣千元 RMB'000
現金代價	Cash consideration	(238,505)
已收購現金及現金等價物	Cash and cash equivalents acquired	2,482,432
有關收購的現金及 現金等價物流入淨額	Net inflow of cash and cash equivalents in respect of the acquisition	2,243,927

38. 出售附屬公司

a) 出售福州正宏誠心房地產開發有限公司 (「正宏誠心」)

根據日期為二零二零年六月三十日的股份轉讓協議，本集團按代價人民幣572,000,000元出售其於正宏誠心總股權的26%予一名獨立第三方。代價為參考所出售股權的相應價值釐定。

b) 出售天津和晟房地產開發有限公司 (「天津和晟」)

根據日期為二零二零年四月十六日的股份轉讓協議，本集團按代價人民幣36,561,000元出售其於天津和晟總股權的50%予一名獨立第三方。代價為參考所出售股權的相應價值釐定。

38. DISPOSAL OF SUBSIDIARIES

a) Disposal of Fuzhou Zhenghong Chengxin Property Development Co., Ltd (“Zhenghong Chengxin”)

Pursuant to the share transfer agreement dated 30 June 2020, the Group disposed of its total 26% equity interest in Zhenghong Chengxin to an independent third party for a consideration of RMB572,000,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of.

b) Disposal of Tianjin Hesheng Property Development Co., Ltd (“Tianjin Hesheng”)

Pursuant to the share transfer agreement dated 16 April 2020, the Group disposed of its total 50% equity interest in Tianjin Hesheng to an independent third party for a consideration of RMB36,561,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of.

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38. 出售附屬公司 (續)

c) 出售正榮(南平)置業發展有限公司(「南平置業」)

根據日期為二零二零年十月三十日的股份轉讓協議，本集團按代價人民幣50,000,000元出售其於南平置業總股權的100%予一名獨立第三方。代價為參考所出售股權的相應價值釐定。

d) 出售蘇州正利置業有限公司(「蘇州正利」)

根據股東決議及於二零二零年十二月八日修訂之組織章程細則，蘇州正利的註冊資本由人民幣100,000,000元增加至人民幣333,330,000元。獨立第三方額外注資人民幣233,330,000元。本集團於蘇州正利的股權由100%減少至30%，且本集團於此後失去對蘇州正利的控制權。該交易作為部份出售附屬公司入賬。

e) 出售濟南榮渥置業有限公司(「濟南榮渥」)

根據股東決議及於二零二零年十二月一日修訂之組織章程細則，濟南榮渥的註冊資本由人民幣10,000,000元增加至人民幣20,408,000元。獨立第三方額外注資人民幣10,408,000元。本集團於濟南榮渥的股權由100%減少至49%，且本集團於此後失去對濟南榮渥的控制權。該交易作為部份出售附屬公司入賬。

38. DISPOSAL OF SUBSIDIARIES (Continued)

c) Disposal of Zhenro (Nanping) Real Estate Development Co., Ltd. ("Nanping Real Estate")

Pursuant to the share transfer agreement dated 30 October 2020, the Group disposed of its total 100% equity interest in Nanping Real Estate to an independent third party for a consideration of RMB50,000,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of.

d) Disposal of Suzhou Zhengli Real Estate Co., Ltd. ("Suzhou Zhengli")

Pursuant to the resolutions of the shareholders and amendments to the articles of association dated 8 December 2020, the registered capital of Suzhou Zhengli increased from RMB100,000,000 to RMB333,330,000. The additional capital of RMB233,330,000 was injected by an independent third party. The Group's equity interest in Suzhou Zhengli decreased from 100% to 30% and the Group lost control over Suzhou Zhengli thereafter. This transaction is accounted for as a partial disposal of a subsidiary.

e) Disposal of Jinan Rongwo Real Estate Co., Ltd. ("Jinan Rongwo")

Pursuant to the resolutions of the shareholders and amendments to the articles of association dated 1 December 2020, the registered capital of Jinan Rongwo increased from RMB10,000,000 to RMB20,408,000. The additional capital of RMB10,408,000 was injected by an independent third party. The Group's equity interest in Jinan Rongwo decreased from 100% to 49% and the Group lost control over Jinan Rongwo thereafter. This transaction is accounted for as partial disposal of a subsidiary.

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38. 出售附屬公司 (續)

f) 出售滁州正凱置業發展有限公司 (「滁州正凱」)

根據日期為二零二零年十二月十二日的股份轉讓協議，本集團按代價人民幣20,000,000元出售其於滁州正凱總股權的50%予一名獨立第三方。代價為參考所出售股權的相應價值釐定。

g) 出售榮冠(天津)置業發展有限公司 (「天津榮冠」)

根據股東決議及於二零二零年十二月一日修訂之組織章程細則，天津榮冠的註冊資本由人民幣50,000,000元增加至人民幣100,000,000元。獨立第三方額外注資人民幣50,000,000元。本集團於天津榮冠的股權由100%減少至50%，且本集團於此後失去對天津榮冠的控制權。該交易作為部份出售附屬公司入賬。

38. DISPOSAL OF SUBSIDIARIES (Continued)

f) Disposal of Chuzhou Zhengkai Real Estate Co., Ltd (“Chuzhou Zhengkai”)

Pursuant to the share transfer agreement dated 12 December 2020, the Group disposed of its total 50% equity interest in Chuzhou Zhengkai to an independent third party for a consideration of RMB20,000,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of.

g) Disposal of Rongguan (Tianjin) Real Estate Development Co., Ltd. (“Tianjin Rongguan”)

Pursuant to the resolutions of the shareholders and amendments to the articles of association dated 1 December 2020, the registered capital of Tianjin Rongguan increased from RMB50,000,000 to RMB100,000,000. The additional capital of RMB50,000,000 was injected by an independent third party. The Group's equity interest in Tianjin Rongguan decreased from 100% to 50% and the Group lost control over Tianjin Rongguan thereafter. This transaction is accounted for as partial disposal of a subsidiary.

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38. 出售附屬公司 (續)

38. DISPOSAL OF SUBSIDIARIES (Continued)

		人民幣千元 RMB'000
出售之資產淨值：	Net assets disposed of:	
現金及現金等價物	Cash and cash equivalents	866,729
預付款項、其他應收款項及 其他資產	Prepayments, other receivables and other assets	3,217,347
可收回稅項	Tax recoverable	145,183
應收關聯公司款項	Due from related companies	6,729,748
開發中物業	Properties under development	8,048,312
持作出售的已竣工物業	Completed properties held for sale	469,214
物業、廠房及設備	Property, plant and equipment	343
遞延所得稅資產	Deferred tax assets	110,216
貿易應付款項及應付票據	Trade and bills payables	(748,481)
合約負債	Contract liability	(4,494,858)
其他應付款項及應計費用	Other payables and accruals	(7,918,922)
應付稅項	Tax payables	(19,218)
計息銀行及其他借款	Interest-bearing bank and other borrowings	(3,586,100)
應付關聯公司款項	Due to related companies	(262,600)
		2,556,913
非控股權益	Non-controlling interests	(1,856,049)
淨資產	Net assets	700,864
轉撥至所持並分類為聯營公司及 合營企業的權益	Transferred to interests held and classified as associates and joint ventures	(122,380)
出售附屬公司的收益	Gain on disposal of subsidiaries	100,077
以現金償付	Satisfied by cash	678,561

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38. 出售附屬公司 (續)

有關出售附屬公司的現金及現金等價物
流入淨額的分析如下：

38. DISPOSAL OF SUBSIDIARIES (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the
disposal is as follows:

		人民幣千元 RMB'000
現金代價	Cash consideration	678,561
出售的現金及現金等價物	Cash and cash equivalents disposed of	(866,729)
有關出售的現金及現金 等價物流出淨額	Net outflow of cash and cash equivalents in respect of the disposal	(188,168)

39. 或然負債

於報告期末，未於財務報表內撥備的或
然負債如下：

39. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for
in the financial statements were as follows:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
向銀行作出的有關授予本集團 物業買家融資的擔保	Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties (1)	32,161,269	36,516,850
向銀行及其他機構作出的 有關授予關聯公司及 一名第三方融資的擔保	Guarantees given to banks and other institutions in connection with facilities granted to related companies and a third party (2)	2,604,488	4,774,145
		34,765,757	41,290,995

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39. 或然負債 (續)

- (1) 本集團就若干銀行向本集團持作出售已竣工物業買家授出的抵押融資提供擔保。根據擔保安排的條款，如買家拖欠按揭付款，本集團負責向該等銀行償還未償還抵押本金及違約買家所欠的任何應計利息及罰款。

根據上述安排，相關物業已質押予該等銀行作為抵押貸款的抵押品；倘該等買家拖欠抵押還款，該等銀行有權接管有關法定業權，並透過公開拍賣將抵押物業變現。

本集團的擔保期由授出相關抵押貸款日期起至買家獲發物業所有權證及辦理登記止，有關證明一般會於買家接管相關物業後的一至兩年內取得。

年內，本集團並未就向本集團持作出售已竣工物業買家授出的抵押融資提供擔保產生任何重大損失。本公司董事認為如出現違約付款，相關物業的可變現淨值足以償還未償還抵押貸款連同任何應計利息及罰款，故並無對擔保計提撥備。

- (2) 本集團就向合營企業及聯營公司以及一名第三方的借款向銀行及其他機構提供擔保。本公司董事認為，由於公平值並不重大，截至二零二零年十二月三十一日，無須就向合營企業及聯營公司以及一名第三方提供的擔保計提撥備（二零一九年：無）。有關關聯方交易的進一步詳情載於財務報表附註41。

除上文所披露者外，於年內及直至年末，本集團及本公司概無涉及任何會對本集團財務狀況或經營業績產生重大不利影響的訴訟、仲裁或行政程序、索償或糾紛。

39. CONTINGENT LIABILITIES (Continued)

- (1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in the case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

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

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

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

- (2) The Group provided guarantees to banks and other institutions in connection with borrowings made to the joint ventures, associates and a third party. The directors of the Company consider that no provision is needed in respect of the guarantees provided to the joint ventures and associates and a third party as of 31 December 2020 (2019: Nil) since the fair value is not significant. Further details of the related party transactions are included in note 41 to the financial statements.

Except as disclosed above, during the year and up to the end of the year, neither the Group nor the Company were involved in any litigation, arbitration or administrative proceedings, claims or disputes which had a material adverse effect on the Group's financial condition or results of operation.

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40. 承擔

本集團於報告期末擁有以下資本承擔：

40. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
已訂約但尚未撥備：	Contracted, but no provided for:		
— 收購土地使用權	— Acquisition of land use rights	3,197,699	1,764,460
— 開發中物業	— Properties under development	24,204,215	21,117,337
— 應向合營企業及聯營 公司注資的款項	— Capital contributions payable to joint ventures and associates	1,314,220	1,018,462
		28,716,134	23,900,259

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Notes to Financial Statements

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41. 關聯方交易

(a) 重大關聯方交易

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
合營企業及聯營公司墊款	Advances from joint ventures and associates	4,064,030	6,842,880
償還合營企業及聯營公司的墊款	Repayment of advances from joint ventures and associates	3,784,382	2,677,350
給予合營企業及聯營公司的墊款	Advances to joint ventures and associates	18,095,475	36,427,890
償還給予合營企業及聯營公司的墊款	Repayment of advances to joint ventures and associates	16,578,064	39,454,873
由最終控股股東控制的 公司提供的 物業管理服務 (附註)	Property management services from companies controlled by the ultimate controlling shareholders (note)	248,214	167,608
最終控股股東控制的公司之 租金收入 (附註)	Rental income to companies controlled by the ultimate controlling shareholders (note)	6,999	6,999
為合營企業及聯營公司提供 管理諮詢服務 (附註)	Management consulting services to joint ventures and associates (note)	138,674	54,795
合營企業及聯營公司的 利息收入 (附註)	Interest income from joint ventures and associates (note)	54,559	45,678

附註：該等交易乃根據參與各方共同協定的條款及條件進行。

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(b) 與關聯方的其他交易

- (i) 於二零二零年十二月三十一日，本集團就合營企業及聯營公司獲授之為數人民幣2,604,488,000元的若干銀行及其他貸款作出擔保（二零一九年：人民幣4,574,145,000元）。
- (ii) 於二零二零年十二月三十一日，本集團已向正榮公益基金會（「正榮公益基金會」）捐款人民幣10,166,000元（二零一九年：人民幣5,448,000元），該基金會的董事為控股股東的緊密家族成員。

(b) Other transactions with related parties

- (i) As at 31 December 2020, the Group guaranteed certain bank and other loans made to joint ventures and associates of up to RMB2,604,488,000 (2019: RMB4,574,145,000).
- (ii) As at 31 December 2020, the Group has donated up to RMB10,166,000 (2019: RMB5,448,000) to 正榮公益基金會（“Zhenro Foundation”），the director of which is a close family member of the Controlling Shareholders.

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41. 關聯方交易 (續)

(c) 與關聯方的未付結餘

41. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties

		二零二零年 十二月三十一日 31 December 2020 人民幣千元 RMB'000	二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000
應收關聯公司款項	Due from related companies		
最終控股股東控制的合營企業及 聯營公司	Joint ventures and associates Companies controlled by the ultimate controlling shareholders	7,877,339 3,486	6,696,104 —
		7,880,825	6,696,104
應付關聯公司款項	Due to related companies		
最終控股股東控制的合營企業及 聯營公司	Joint ventures and associates Companies controlled by the ultimate controlling shareholders	13,778,086 38,742	7,358,907 27,337
		13,816,828	7,386,244

(d) 本集團主要管理人員薪酬

(d) Compensation of key management personnel of the Group

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
短期僱員福利	Short term employee benefits	34,726	36,532
養老金計劃供款及 社會福利	Pension scheme contributions and social welfare	365	653
支付予主要管理人員的 薪酬總額	Total compensation paid to key management personnel	35,091	37,185

董事酬金的進一步詳情載於財務報
表附註8。

Further details of directors' emoluments are included in note 8 to
the financial statements.

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42. 按類別劃分的金融工具

於報告期末各類金融工具的賬面值如下：

二零二零年十二月三十一日

金融資產

		按攤銷 成本列賬的 金融資產 Financial assets at amortised cost 人民幣千元 RMB'000	按公平值 計入損益的 金融資產 Financial assets at fair value through profit or loss 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
按公平值計入損益的金融資產 (附註20)	Financial assets at fair value through profit or loss (note 20)	—	938,067	938,067
貿易應收款項(附註23)	Trade receivables (note 23)	124,825	—	124,825
計入預付款項、其他應收款項及 其他資產的金融資產(附註24)	Financial assets included in prepayments, other receivables and other assets (note 24)	9,710,342	—	9,710,342
應收關聯公司款項(附註41)	Due from related companies (note 41)	7,880,825	—	7,880,825
受限制現金(附註25)	Restricted cash (note 25)	6,884,988	—	6,884,988
已抵押存款(附註25)	Pledged deposits (note 25)	609,573	—	609,573
現金及現金等價物(附註25)	Cash and cash equivalents (note 25)	35,477,942	—	35,477,942
		60,688,495	938,067	61,626,562

金融負債

Financial liabilities

		按攤銷成本列賬的 金融負債 Financial liabilities at amortised cost 人民幣千元 RMB'000
租賃負債(附註15)	Lease liabilities (note 15)	103,104
貿易應付款項及應付票據(附註26)	Trade and bills payables (note 26)	21,219,712
計入其他應付款項及應計費用的 金融負債(附註27)	Financial liabilities included in other payables and accruals (note 27)	9,667,455
計息銀行及其他借款(附註29)	Interest-bearing bank and other borrowings (note 29)	41,761,295
優先票據(附註30)	Senior notes (note 30)	20,968,070
公司債券(附註31)	Corporate bonds (note 31)	4,555,004
應付關聯公司款項(附註41)	Due to related companies (note 41)	13,816,828
		112,091,468

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42. 按類別劃分的金融工具 (續)

二零一九年十二月三十一日

金融資產

		按攤銷 成本列賬的 金融資產	按公平值 計入損益的 金融資產	總計
		Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
按公平值計入損益的金融資產 (附註20)	Financial assets at fair value through profit or loss (note 20)	—	773,896	773,896
貿易應收款項 (附註23)	Trade receivables (note 23)	66,293	—	66,293
計入預付款項、其他應收款項及其他資產的金融資產 (附註24)	Financial assets included in prepayments, other receivables and other assets (note 24)	4,635,092	—	4,635,092
應收關聯公司款項 (附註41)	Due from related companies (note 41)	6,696,104	—	6,696,104
受限制現金 (附註25)	Restricted cash (note 25)	5,137,032	—	5,137,032
已抵押存款 (附註25)	Pledged deposits (note 25)	1,801,205	—	1,801,205
現金及現金等價物 (附註25)	Cash and cash equivalents (note 25)	28,368,571	—	28,368,571
		46,704,297	773,896	47,478,193

金融負債

Financial liabilities

		按攤銷成本列賬的 金融負債
		Financial liabilities at amortised cost
		人民幣千元 RMB'000
租賃負債 (附註15)	Lease liabilities (note 15)	131,648
貿易應付款項及應付票據 (附註26)	Trade and bills payables (note 26)	16,752,615
計入其他應付款項及應計費用的金融負債 (附註27)	Financial liabilities included in other payables and accruals (note 27)	10,117,912
計息銀行及其他借款 (附註29)	Interest-bearing bank and other borrowings (note 29)	36,317,122
優先票據 (附註30)	Senior notes (note 30)	16,843,044
公司債券 (附註31)	Corporate bonds (note 31)	5,505,303
應付關聯公司款項 (附註41)	Due to related companies (note 41)	7,386,244
		93,053,888

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43. 金融工具的公平值及公平值層級

除賬面值與公平值合理相若的金融工具外，本集團金融工具的賬面值及公平值如下：

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

		賬面值		公平值	
		Carrying amounts		Fair values	
		二零二零年	二零一九年	二零二零年	二零一九年
		2020	2019	2020	2019
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
		RMB'000	RMB'000	RMB'000	RMB'000
金融資產	Financial assets				
按公平值計入損益的金融資產	Financial assets at fair value through profit or loss	938,067	773,896	938,067	773,896
金融負債	Financial liabilities				
計息銀行及其他借款	Interest-bearing bank and other borrowings	41,761,295	36,317,122	41,727,344	36,310,155
公司債券	Corporate bonds	4,555,004	5,505,303	4,453,781	5,513,310
優先票據	Senior notes	20,968,070	16,843,044	21,372,088	17,136,967
		67,284,369	58,665,469	67,553,213	58,960,432

管理層已評估現金及現金等價物、已抵押存款、受限制現金、貿易應收款項、貿易應付款項及應付票據、計入預付款項、其他應收款項及其他資產的金融資產、計入其他應付款項及應計費用的金融負債以及應收／應付關聯公司款項的公平值與其賬面值相若，主要是由於該等工具的到期期限較短。

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and amounts due from/to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

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43. 金融工具的公平值及公平值層級 (續)

本集團的融資部門由財務經理帶領，負責釐定金融工具公平值計量的政策及程序。財務經理直接向財務總監匯報。於各報告日期，融資部門分析金融工具價值的變動並決定應用於估值的主要輸入數據。估值由財務總監審核及批准。每年就中期及年度財務報告與審核委員會對估值結果進行兩次討論。

金融資產及負債之公平值以該工具於自願訂約各方現時進行之交易（強迫或清算銷售除外）中之交易金額入賬。以下方法及假設乃用於估計公平值：

計息銀行及其他借款的公平值乃通過將預期未來現金流量按現時可用於具類似條款、信用風險及餘下還款期限之工具的利率進行貼現計算。本集團於二零二零年十二月三十一日自有計息銀行及其他借款之不履約風險被評定為並不重大。

優先票據及公司債券（不包括正榮債券V）的公平值乃根據市價計算。正榮債券V的公平值乃通過將預期未來現金流量按現時可用於具類似條款、信用風險及餘下還款期限之工具的利率進行貼現計算。

上市股本投資的公平值乃按所報市價計算。非上市基金投資的公平值乃參考所報市價根據市場法最大限度地利用可觀察市場數據計算。

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of 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 Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2020 was assessed to be insignificant.

The fair values of senior notes and corporate bonds, excluding Zhenro Bond V, are based on market prices. The fair value of Zhenro Bond V has 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 listed equity investments are based on quoted market prices. The fair value of unlisted fund investments is based on the market approach by reference to quoted market prices, maximising the use of observable market data where it is available.

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43. 金融工具的公平值及公平值層級 (續)

公平值層級

下表列示本集團金融工具的公平值計量層級：

按公平值計量的資產：

於二零二零年十二月三十一日

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2020

		使用以下數據計量之公平值 Fair value measurement using			
		活躍市場 之報價 (第一級) Quoted prices in active markets (Level 1) 人民幣千元 RMB'000	重大可觀察 輸入數據 (第二級) Significant observable inputs (Level 2) 人民幣千元 RMB'000	重大不可觀察 輸入數據 (第三級) Significant unobservable inputs (Level 3) 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
按公平值計入損益的 金融資產	Financial assets at fair value through profit or loss	824,621	113,446	—	938,067

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43. 金融工具的公平值及公平值層級 (續)

公平值層級 (續)

於二零一九年十二月三十一日

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

As at 31 December 2019

		使用以下數據計量之公平值			
		Fair value measurement using			
		活躍市場 之報價 (第一級)	重大可觀察 輸入數據 (第二級)	重大不可觀察 輸入數據 (第三級)	總計
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
		RMB'000	RMB'000	RMB'000	RMB'000
按公平值計入損益的 金融資產	Financial assets at fair value through profit or loss	680,790	93,106	—	773,896

本集團於二零二零年十二月三十一日並無任何按公平值計量的金融負債 (二零一九年：無)。

The Group had no financial liabilities measured at fair value as at 31 December 2020 (2019: Nil).

於本年度內，第一級與第二級之間並無公平值計量之轉撥，而金融資產與金融負債均無第三級之轉入或轉出 (二零一九年：無)。

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2019: Nil).

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43. 金融工具的公平值及公平值層級 (續)

公平值層級 (續)

披露公平值的負債：

於二零二零年十二月三十一日

43. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

As at 31 December 2020

		使用以下數據計量之公平值 Fair value measurement using			
		活躍市場 之報價 (第一級) Quoted prices in active markets (Level 1) 人民幣千元 RMB'000	重大可觀察 輸入數據 (第二級) Significant observable inputs (Level 2) 人民幣千元 RMB'000	重大不可觀察 輸入數據 (第三級) Significant unobservable inputs (Level 3) 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
計息銀行及其他借款	Interest-bearing bank and other borrowings	—	41,727,344	—	41,727,344
公司債券	Corporate bonds	3,420,936	1,032,844	—	4,453,780
優先票據	Senior notes	21,372,088	—	—	21,372,088
		24,793,024	42,760,188	—	67,553,212

於二零一九年十二月三十一日

As at 31 December 2019

		使用以下數據計量之公平值 Fair value measurement using			
		活躍市場 之報價 (第一級) Quoted prices in active markets (Level 1) 人民幣千元 RMB'000	重大可觀察 輸入數據 (第二級) Significant observable inputs (Level 2) 人民幣千元 RMB'000	重大不可觀察 輸入數據 (第三級) Significant unobservable inputs (Level 3) 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
計息銀行及其他借款	Interest-bearing bank and other borrowings	—	36,310,155	—	36,310,155
公司債券	Corporate bonds	3,545,223	1,968,087	—	5,513,310
優先票據	Senior notes	17,136,967	—	—	17,136,967
		20,682,190	38,278,242	—	58,960,432

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44. 財務風險管理目標及政策

本集團的主要金融工具主要包括現金及銀行結餘、貿易應收款項以及貿易及其他應付款項，該等金融工具因其經營而直接產生。本集團擁有其他金融資產及負債，如計息銀行及其他借款、優先票據、企業票據、按公平值計入損益的金融工具、關聯公司款項及其他應收款項。該等金融工具的主要目的在於為本集團的運營融資。

本集團金融工具產生的主要風險為利率風險、外匯風險、信用風險及流動資金風險。一般而言，本集團對其風險管理採取保守策略。本集團未持有或發行可供交易的衍生金融工具。董事會檢討並同意該等風險管理政策，其概述如下。

(a) 利率風險

本集團面臨的市場利率變動風險主要與財務報表附註30所載的本集團銀行及其他借款有關。本集團並無使用衍生金融工具對沖利率風險。本集團使用浮息銀行借款管理其利息成本。

於二零二零年十二月三十一日，倘在所有其他變量維持不變的情況下銀行借款的利率上升／下降1%，則本集團於本年度的除稅前溢利將減少／增加約人民幣19,376,000元（二零一九年：人民幣9,799,000元）。

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, trade receivables, and trade and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, senior notes, corporate notes, financial instruments at fair value through profit or loss, amounts with related companies and other receivables. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's bank and other borrowings as set out in note 30 to the financial statements. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings.

As at 31 December 2020, if the interest rate of bank borrowings had increased/decreased by 1% and all other variables held constant, the profit before tax for the year of the Group would have decreased/increased by approximately RMB19,376,000 (2019: RMB9,799,000).

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31 December 2020

44. 財務風險管理目標及政策

(續)

(b) 外匯風險

本集團面臨交易貨幣風險。該等風險乃因運營單位以單位之功能貨幣以外之貨幣進行交易而產生。此外，本集團面臨來自其金融資產及優先票據的貨幣風險。

下表列示於報告期末在所有其他變量維持不變的情況下，因美元及人民幣匯率的合理可能變動而對本集團除稅前溢利的影響（由於貨幣資產及負債的公平值變動）及本集團權益的影響（由於遠期貨幣合同的公平值變動）之敏感度分析。

二零二零年	2020
倘人民幣兌美元轉弱	If the RMB weakens against US\$
倘人民幣兌美元轉強	If the RMB strengthens against US\$
二零一九年	2019
倘人民幣兌美元轉弱	If the RMB weakens against US\$
倘人民幣兌美元轉強	If the RMB strengthens against US\$

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from transactions by operating units in currencies other than the units' functional currencies. In addition, the Group has currency exposures from its financial assets and senior notes.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US\$ and RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of forward currency contracts)

美元匯率 上升／(下跌) Increase/ (decrease) in US\$ rate %	除稅前溢利 增加／(減少) Increase/ (decrease) in profit before tax 人民幣千元 RMB'000
-5%	(541,101)
+5%	541,101
-5%	(94,473)
+5%	94,473

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二零二零年十二月三十一日
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44. 財務風險管理目標及政策 (續)

(c) 信用風險

本集團僅與獲認可及信譽可靠之第三方進行買賣。本集團之政策為所有有意以信貸期進行買賣之客戶須接受信貸審核程序。此外，應收款項結餘持續受監管，而本集團承受壞賬之風險並不重大。就以非有關營運單位功能貨幣計值之交易而言，未經信貸管理部主管特別批准，本集團不會給予信貸期。

最大風險及年終所處階段

下表載列於十二月三十一日按照本集團的信貸政策劃分的信貸質素及最高信用風險（乃主要基於逾期資料（除非取得其他資料無須不必要的成本或努力）釐定）及年終所處階段分類。所呈列金額為金融資產的賬面總值。

於二零二零年十二月三十一日

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2020

		12個月預期 信貸虧損	全期預期信貸虧損			
		12-month ECLs	Lifetime ECLs			
		第一階段 Stage 1	第二階段 Stage 2	第三階段 Stage 3	簡易法 Simplified approach	總計 Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
貿易應收款項*	Trade receivables*	—	—	—	124,825	124,825
計入預付款項、其他應收 款項及其他資產的 金融資產 – 正常**	Financial assets included in prepayments, other receivables and other assets – Normal**	9,710,342	—	—	—	9,710,342
受限制現金	Restricted cash	6,884,988	—	—	—	6,884,988
已抵押存款	Pledged deposits	609,573	—	—	—	609,573
現金及現金等價物	Cash and cash equivalents	35,477,942	—	—	—	35,477,942
		52,682,845	—	—	124,825	52,807,670

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44. 財務風險管理目標及政策

(續)

(c) 信用風險 (續)

最大風險及年終所處階段 (續)

於二零一九年十二月三十一日

44. FINANCIAL RISK MANAGEMENT OBJECTIVES

AND POLICIES (Continued)

(c) Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2019

		12個月預期 信貸虧損	全期預期信貸虧損			
		12-month ECLs	Lifetime ECLs			簡易法
		第一階段 Stage 1	第二階段 Stage 2	第三階段 Stage 3	Simplified approach	總計 Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
貿易應收款項*	Trade receivables*	—	—	—	66,293	66,293
計入預付款項、其他應收 款項及其他資產的 金融資產 – 正常**	Financial assets included in prepayments, other receivables and other assets – Normal**	4,635,092	—	—	—	4,635,092
受限制現金	Restricted cash	5,137,032	—	—	—	5,137,032
已抵押存款	Pledged deposits	1,801,205	—	—	—	1,801,205
現金及現金等價物	Cash and cash equivalents	28,368,571	—	—	—	28,368,571
		39,941,900	—	—	66,293	40,008,193

* 本集團根據預期信貸虧損就減值資料應用簡易法的貿易應收款項於財務報表附註23披露。概無重大信用集中風險。

** 倘計入預付款項、其他應收款項及其他資產的金融資產並未逾期且並無資料顯示該等金融資產的信用風險自初始確認以來大幅增加，則該等金融資產之信貸質素被視為「正常」。

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 23 to the financial statements. There is no significant concentration of credit risk.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

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44. 財務風險管理目標及政策 (續)

(d) 流動資金風險

本集團的目標為透過運用計息銀行及其他借款、租賃負債、公司債券、優先票據以及資產支持證券所得款項維持融資持續性及靈活性之間的平衡。本集團持續密切監控現金流量。

本集團於報告期末按合約未折現付款計算的金融負債的到期情況如下：

二零二零年十二月三十一日 31 December 2020

計息銀行及其他借款	Interest-bearing bank and other borrowings
公司債券	Corporate bonds
優先票據	Senior notes
租賃負債	Lease liabilities
貿易應付款項及應付票據	Trade and bills payables
計入其他應付款項的金融負債	Financial liabilities included in other payables
應付關聯公司款項	Due to related companies

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, lease liabilities, corporate bonds, senior notes and proceeds from asset-backed securities. Cash flows are being closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

按要求	3個月以內	3至12個月	1年以上	總計
On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
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
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
—	1,048,185	14,183,521	31,853,599	47,085,305
—	—	1,908,880	3,506,501	5,415,381
—	659,383	4,808,506	19,143,953	24,611,842
—	14,475	43,471	54,425	112,371
21,219,712	—	—	—	21,219,712
6,565,604	236,139	154,341	3,000,935	9,957,019
13,816,828	—	—	—	13,816,828
41,602,144	1,958,182	21,098,719	57,559,413	122,218,458

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

44. 財務風險管理目標及政策

(續)

(d) 流動資金風險 (續)

		3個月以內	3至12個月	1年以上	總計	
	按要求	Less than	3 to 12	Over 1	Total	
	On demand	3 months	months	year		
	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	
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	
二零一九年十二月三十一日	31 December 2019					
計息銀行及其他借款	Interest-bearing bank and other borrowings	—	3,003,740	13,813,113	23,988,842	40,805,695
公司債券	Corporate bonds	—	—	2,386,810	3,931,130	6,317,940
優先票據	Senior notes	—	441,705	2,932,522	17,096,818	20,471,045
租賃負債	Lease liabilities	—	19,727	50,587	65,047	135,361
貿易應付款項及應付票據	Trade and bills payables	16,752,615	—	—	—	16,752,615
計入其他應付款項的	Financial liabilities included					
金融負債	in other payables	6,771,578	60,497	1,210,491	2,383,950	10,426,516
應付關聯公司款項	Due to related companies	7,386,244	—	—	—	7,386,244
		30,910,437	3,525,669	20,393,523	47,465,787	102,295,416

(e) 資本管理

本集團資本管理的主要目標為保障本集團持續經營並維持穩健的資本比率的能力，以支持其業務並使股東價值最大化。

本集團會根據經濟狀況的變化管理並調整其資本架構。為維持或調整資本架構，本集團或會對派付予股東的股息、股東資本回報或發行新股作出調整。

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk (Continued)

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

財務報表附註

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二零二零年十二月三十一日

31 December 2020

44. 財務風險管理目標及政策

(續)

(e) 資本管理 (續)

本集團採用資產負債率(即債務淨額除以資本總額與債務淨額之和)來監控資本。本集團於債務淨額計入計息銀行及其他借款、優先票據、公司債券、貿易應付款項及應付票據、其他應付款項及應計費用、租賃負債及應付關聯公司款項減現金及現金等價物。資本指母公司擁有人應佔權益。於報告期末的資產負債率如下：

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Capital management (Continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank and other borrowings, senior notes, corporate bonds, trade and bills payables, other payables and accruals, lease liabilities and amounts due to related companies, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

		二零二零年 十二月三十一日 31 December 2020 人民幣千元 RMB'000	二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000
貿易應付款項及應付票據	Trade and bills payables	21,219,712	16,752,615
其他應付款項及應計費用	Other payables and accruals	9,667,455	10,117,912
計息銀行及其他借款	Interest-bearing bank and other borrowings	41,761,295	36,317,122
公司債券	Corporate bonds	4,555,004	5,505,303
優先票據	Senior notes	20,968,070	16,843,044
租賃負債	Lease liabilities	103,104	131,648
應付關聯公司款項	Due to related companies	13,816,828	7,386,244
減：現金及現金等價物	Less: Cash and cash equivalents	(35,477,942)	(28,368,571)
債務淨額	Net debt	76,613,526	64,685,317
母公司擁有人應佔權益	Equity attributable to owners of the parent	19,576,267	16,396,527
資本及債務淨額	Capital and net debt	96,189,793	81,081,844
資產負債率	Gearing ratio	80%	80%

財務報表附註

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二零二零年十二月三十一日
31 December 2020

45. 報告期後事項

於二零二一年一月七日，本公司發行本金額為400,000,000美元於二零二六年到期的優先票據。優先票據按年利率6.63%計息，且利息於每半年到期時支付。該等優先票據的到期日為二零二六年一月七日。於到期日前任何時間，本公司可自行選擇按預定贖回價贖回該等優先票據。贖回價詳情於相關發售備忘錄內披露。

於二零二一年二月四日，本公司發行本金額為300,000,000美元於二零二六年到期的優先票據。優先票據按年利率6.7%計息，且利息於每半年到期時支付。該等優先票據的到期日為二零二六年八月四日。於到期日前任何時間，本公司可自行選擇按預定贖回價贖回該等優先票據。贖回價詳情於相關發售備忘錄內披露。

於二零二一年三月八日，本公司全數贖回合共本金總額為310,000,000美元的二零二二年票據I & II。

45. EVENTS AFTER THE REPORTING PERIOD

On 7 January 2021, the Company issued senior notes with a principal amount of US\$400,000,000 due in 2026. The senior notes bear interest at 6.63% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 7 January 2026. At any time prior to maturity, the Company may, at its option, redeem the senior notes at a predetermined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

On 4 February 2021, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2026. The senior notes bear interest at 6.7% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 4 August 2026. At any time prior to maturity, the Company may, at its option, redeem the senior notes at a predetermined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

On 8 March 2021, the Company fully redeemed 2022 Notes I & II with an aggregate principal amount of US\$310,000,000 in total.

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日

31 December 2020

46. 本公司財務狀況表

於報告期末，有關本公司財務狀況表的資料如下：

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

		二零二零年 2020 人民幣千元 RMB'000	二零一九年 2019 人民幣千元 RMB'000
非流動資產	NON-CURRENT ASSETS		
於附屬公司的投資	Investments in subsidiaries	—	—
物業、廠房及設備	Property, plant and equipment	3,703	2,525
非流動資產總額	Total non-current assets	3,703	2,525
流動資產	CURRENT ASSETS		
現金及現金等價物	Cash and cash equivalents	633,958	600,451
預付款項、其他應收款項及其他資產	Prepayments, other receivables and other assets	15,100	15,692
應收附屬公司款項	Due from subsidiaries	27,349,212	24,057,199
流動資產總值	Total current assets	27,998,270	24,673,342
流動負債	CURRENT LIABILITIES		
計息銀行及其他借款	Interest-bearing bank and other borrowings	545,747	69,871
其他應付款項及應計費用	Other payables and accruals	22,702	18,662
應付附屬公司款項	Due to subsidiaries	1,298,150	141,972
優先票據	Senior notes	5,200,430	3,482,134
流動負債總額	Total current liabilities	7,067,029	3,712,639
流動資產淨值	NET CURRENT ASSETS	20,931,241	20,960,703
總資產減流動負債	TOTAL ASSETS LESS CURRENT LIABILITIES	20,934,944	20,963,228
非流動負債	NON-CURRENT LIABILITIES		
計息銀行及其他借款	Interest-bearing bank and other borrowings	1,366,576	810,053
優先票據	Senior notes	15,788,238	13,546,621
非流動負債總額	Total non-current liabilities	17,154,814	14,356,674
淨資產	Net assets	3,780,130	6,606,554
權益	EQUITY		
股本	Share capital	282	282
儲備	Reserves	2,361,141	5,166,762
永續資本工具	Perpetual capital instruments	1,418,707	1,439,510
權益總額	Total equity	3,780,130	6,606,554

財務報表附註

Notes to Financial Statements

二零二零年十二月三十一日
31 December 2020

46. 本公司財務狀況表 (續)

附註：

本公司的權益概要如下：

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's equity is as follows:

		股本	股份溢價	保留溢利	匯兌波動儲備	永續資本工具	
		Share	Share	Retained	Exchange	Perpetual	總計
		capital	premium	profits	fluctuation	capital	Total
		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
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
於二零一九年	Balance at 1 January 2019						
一月一日的結餘		265	3,588,067	312,160	203,417	—	4,103,909
年內全面收益總額	Total comprehensive income for the year	—	—	552,458	—	76,403	628,861
發行新股	Issuance of new shares	17	1,056,435	—	—	—	1,056,452
發行永續資本工具	Issue of perpetual capital instruments	—	—	—	—	1,363,107	1,363,107
匯兌波動儲備	Exchange fluctuation reserve	—	—	—	(18,113)	—	(18,113)
股息及分派	Dividends and distributions	—	—	(527,662)	—	—	(527,662)
於二零二零年一月一日及二零一九年十二月三十一日的結餘	Balance at 1 January 2020 and 31 December 2019	282	4,644,502	336,956	185,304	1,439,510	6,606,554
年內全面收益總額	Total comprehensive income for the year	—	—	(2,291,771)	—	135,043	(2,156,728)
向永續資本證券持有人派付股息	Dividends to the holder of perpetual capital securities	—	—	—	—	(155,846)	(155,846)
匯兌波動儲備	Exchange fluctuation reserve	—	—	—	(117,087)	—	(117,087)
股息及分派	Dividends and distributions	—	(396,763)	—	—	—	(396,763)
於二零二零年十二月三十一日的結餘	Balance at 31 December 2020	282	4,247,739	(1,954,815)	68,217	1,418,707	3,780,130

47. 批准財務報表

董事會於二零二一年三月二十六日批准並授權刊發本財務報表。

47. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2021.

獨立核數師報告

Independent Auditor's Report



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致正榮地產集團有限公司全體股東
(於開曼群島註冊成立的有限公司)

To the shareholders of Zhenro Properties Group Limited
(Incorporated in the Cayman Islands with limited liability)

意見

吾等已審核第113至299頁所載正榮地產集團有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，包括於二零一九年十二月三十一日的綜合財務狀況表、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(包括重大會計政策概要)。

吾等認為，綜合財務報表根據國際會計準則理事會(「國際會計準則理事會」)頒佈的國際財務報告準則(「國際財務報告準則」)編製，足以真實及公平地顯示 貴集團於二零一九年十二月三十一日的綜合財務狀況及 貴集團截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥為編製。

OPINION

We have audited the consolidated financial statements of Zhenro Properties Group Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 113 to 299, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

獨立核數師報告

Independent Auditor's Report

意見基礎

吾等的審核工作按照香港會計師公會（「香港會計師公會」）頒佈的香港審計準則（「香港審計準則」）進行。吾等就該等準則承擔的責任在本報告核數師就審核綜合財務報表須承擔的責任一節中進一步闡述。根據香港會計師公會的職業會計師道德守則（「守則」），吾等獨立於貴集團，並已履行守則中的其他職業道德責任。吾等相信，吾等所取得的審核憑證就提出審核意見而言屬充分恰當。

關鍵審核事項

關鍵審核事項是根據吾等的職業判斷，對本期綜合財務報表的審核最為重要的事項。該等事項是在吾等審核整體綜合財務報表及出具意見時處理，且吾等不會對該等事項提供單獨的意見。有關吾等在審核過程中如何處理下述事項的描述乃以此為背景。

吾等已履行本報告核數師就審核綜合財務報表須承擔的責任一節所闡述的責任，包括與該等關鍵審核事項相關的責任。相應地，吾等的審核工作包括執行為應對綜合財務報表重大錯誤陳述風險的評估而設計的審核程序。吾等執行審核程序的結果，包括應對下述事項所執行的程序，為就相關綜合財務報表發表審核意見提供了基礎。

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

獨立核數師報告

Independent Auditor's Report

關鍵審核事項 (續)

關鍵審核事項

Key audit matter

投資物業之估值

Valuation of investment properties

貴集團在中國內地擁有多項按公平值計量的投資物業，該等物業於二零一九年十二月三十一日的賬面總值約為人民幣9,377,800,000元，分別佔 貴集團總資產及淨資產的5.54%及30.19%。貴集團已聘請外部估值師於二零一九年十二月三十一日對該等物業進行估值。

The Group owns investment properties in Mainland China which were measured at fair value and their aggregate carrying amount was approximately RMB9,377,800,000 as at 31 December 2019, which represented 5.54% and 30.19% of the Group's total assets and net assets, respectively. The Group has engaged an external valuer to perform the valuation of these properties as at 31 December 2019.

在釐定投資物業的公平值時需要作出重大判斷，該等公平值反映報告期末的市況。採用不同的估值技術及假設可能導致公平值出現重大差異。因此，投資物業的估值被確定為關鍵審核事項。

Significant judgement is required to determine the fair values of the investment properties, which reflects market conditions as at the end of the reporting period. The use of different valuation techniques and assumptions could produce significantly different estimates of fair values. Accordingly, the valuation of investment properties is identified as a key audit matter.

投資物業的會計政策及披露載於綜合財務報表附註2.4、3及14。The accounting policies and disclosures of the investment properties are included in notes 2.4, 3 and 14 to the consolidated financial statements.

KEY AUDIT MATTERS (Continued)

吾等在審核過程中如何處理關鍵審核事項

How our audit addressed the key audit matter

吾等已評估外部估值師的能力、獨立性及客觀性。吾等了解外部估值師所使用的估值方法及主要假設。

We evaluated the competency, independence and objectivity of the external valuer. We understood the valuation approach and key assumptions used by the external valuer.

此外，吾等已評估用作估值輸入數據的物業相關數據的正確性，並委聘內部估值專家協助吾等評估估值方法及相關假設。吾等按抽樣基準將相關數據與相關市場資料進行比對，以評估估值過程中使用的源數據。

Furthermore, we assessed the correctness of the property related data used as inputs for the valuation and involved our internal valuation experts to assist us in evaluating the valuation methodology and the underlying assumptions. We evaluated the source data used in the valuation by benchmarking them to relevant market information on a sample basis.

此外，吾等已評估有關投資物業估值的披露。

In addition, we evaluated the disclosures on the valuation of the investment properties.

獨立核數師報告

Independent Auditor's Report

關鍵審核事項 (續)

關鍵審核事項

Key audit matter

土地增值稅撥備

Provision for land appreciation tax

貴集團為一家中國內地房地產開發商，專注於開發住宅物業，以及開發、運營及管理商業及綜合用途物業。中國內地的土地增值稅（「土地增值稅」）為貴集團稅項支出的主要組成部份之一。物業銷售的土地增值稅乃按照30%至60%的累進稅率對土地增值額徵收。於各報告期末，貴集團管理層會根據其對相關稅務規則及法規的理解及詮釋對土地增值稅撥備及估計物業銷售總額減可扣減開支總額（包括土地使用權租賃開支、物業開發成本、借款成本及開發支出）作出估計。在隨後確定土地增值稅時，實際付款金額可能與估計值有所不同。中國內地土地增值稅撥備對綜合財務報表而言屬重大，且釐定土地增值稅撥備涉及管理層的重大判斷及對相關稅務法律及法規以及慣例的詮釋。因此，土地增值稅撥備被確定為關鍵審核事項。

The Group is a property developer in Mainland China focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Land appreciation tax ("LAT") in Mainland China is one of the main components of the Group's taxation charge. LAT is levied on the sale of properties at progressive rates ranging from 30% to 60% based on the appreciation of land value. At the end of each reporting period, the management of the Group estimates the provision for LAT based on its understanding and interpretation of the relevant tax rules and regulations, and the estimated total sales of properties less total deductible expenditure, which includes lease charges for land use rights, property development costs, borrowing costs and development expenditure. When the LAT is subsequently determined, the actual payments may be different from the estimates. Provision for LAT in Mainland China is significant to the consolidated financial statements and the determination of the provision for LAT involves significant management's judgement and interpretation of the relevant tax laws and regulations and practices. Accordingly, provision for LAT is identified as a key audit matter.

土地增值稅撥備的會計判斷及估計以及披露載於綜合財務報表附註3及10。

The accounting judgements and estimates and disclosures of the provision for land appreciation tax are included in notes 3 and 10 to the consolidated financial statements.

KEY AUDIT MATTERS (Continued)

吾等在審核過程中如何處理關鍵審核事項

How our audit addressed the key audit matter

吾等已委聘內部稅務專家協助吾等對土地增值稅狀況進行審查，包括審查貴集團使用的估計及假設，以及根據相關稅務部門發出的通訊資料及應用本地知識及經驗評估稅務風險。吾等亦已重新計算稅項計算結果，並將吾等的計算結果與貴集團錄得的金額進行比較。

We involved internal tax specialists to assist us to perform a review on the LAT position, including the review of the estimates and assumptions used by the Group and the evaluation of tax exposure based on communications received from the relevant tax authorities and applying our local knowledge and experience. We also recalculated the tax computation and compared our calculations with the amounts recorded by the Group.

獨立核數師報告

Independent Auditor's Report

載於年報的其他資料

貴公司董事須對其他資料承擔責任。其他資料包括載於年報的資料，不包括綜合財務報表及吾等的核數師報告。

吾等對綜合財務報表作出的意見並無涵蓋其他資料，而吾等不會對其他資料發表任何形式的核證結論。

就吾等審核綜合財務報表而言，吾等的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或吾等在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。倘若吾等基於已進行的工作認為其他資料出現重大錯誤陳述，吾等須報告有關事實。就此，吾等毋須作出報告。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據國際會計準則理事會頒佈的國際財務報告準則及香港公司條例的披露規定，編製真實而公平地反映情況的綜合財務報表，並進行董事釐定對編製綜合財務報表屬必要的有關內部監控，以使該等綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，貴公司董事須負責評估貴集團持續經營的能力，並披露與持續經營有關的事項（如適用）。除非貴公司董事擬將貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法，否則須採用以持續經營為基礎的會計法。

審核委員會協助貴公司董事履行彼等監督貴集團財務報告程序的責任。

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

獨立核數師報告

Independent Auditor's Report

核數師就審核綜合財務報表須承擔的責任

吾等的目標為合理確定綜合財務報表整體而言不會存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出載有吾等意見的核數師報告。本報告僅為全體股東編製，除此以外不可作其他用途。吾等概不就本報告的內容對任何其他人士負責或承擔任何責任。

合理確定屬高層次的核證，惟根據香港審計準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

在根據香港審計準則進行審核的過程中，吾等運用專業判斷，保持專業懷疑態度。吾等亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險、設計及執行審核程序以應對該等風險，以及獲取充足和適當的審核憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部監控，以設計適當的審核程序，惟並非旨在對貴集團內部監控的有效性發表意見。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

獨立核數師報告

Independent Auditor's Report

核數師就審核綜合財務報表須承擔的責任 (續)

- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論，並根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。倘吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則修訂吾等的意見。吾等的結論乃基於截至核數師報告日期止所取得的審核憑證而作出。然而，未來事項或情況可能導致 貴集團無法持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映相關交易和事項。
- 就 貴集團內實體或業務活動的財務資料獲取充足及適當的審核憑證，以便對綜合財務報表發表意見。吾等負責集團審核的方向、監督及執行。吾等就審核意見承擔全部責任。

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.

獨立核數師報告

Independent Auditor's Report

核數師就審核綜合財務報表須承擔的責任 (續)

吾等與審核委員會就(其中包括)審核的計劃範圍、時間安排及重大審核發現進行溝通,該等發現包括吾等在審核過程中識別的內部監控的任何重大缺失。

吾等亦向審核委員會作出聲明,指出吾等已符合有關獨立性的相關道德要求,並與彼等溝通可能被合理認為會影響吾等獨立性的所有關係及其他事宜,以及相關防範措施(如適用)。

從與審核委員會溝通的事項中,吾等確定對本期間綜合財務報表的審核至關重要的事項,因而構成關鍵審核事項。吾等在核數師報告中描述該等事項,除非法律或法規不允許公開披露該等事項,或在極端罕見的情況下,倘合理預期在吾等報告中溝通某事項造成的負面後果超出產生的公眾利益,則吾等決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人為 SIU FUNG TERENCE HO。

安永會計師事務所
執業會計師
香港
二零二零年三月二十九日

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 SIU FUNG TERENCE HO.

Ernst & Young
Certified Public Accountants
Hong Kong
29 March 2020

綜合損益表

Consolidated Statement of Profit or Loss

截至二零一九年十二月三十一日止年度

Year ended 31 December 2019

		附註 Notes	二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
收益	REVENUE	5	32,557,660	26,453,106
銷售成本	Cost of sales		(26,059,803)	(20,431,790)
毛利	Gross profit		6,497,857	6,021,316
其他收入及收益	Other income and gains	5	471,131	327,113
銷售及分銷開支	Selling and distribution expenses		(972,294)	(876,602)
行政開支	Administrative expenses		(1,214,481)	(980,864)
金融資產減值虧損淨額	Impairment losses on financial assets, net	25	(482)	(4,141)
其他開支	Other expenses		(98,935)	(44,921)
投資物業的公平值收益	Fair value gains on investment properties	14	326,507	144,561
按公平值計入損益的金融 資產盈虧淨額	Net gain or loss from financial assets at fair value through profit or loss		(14,513)	80,452
融資成本	Finance costs	7	(484,091)	(381,482)
應佔以下單位溢利及虧損：	Share of profits and losses of:			
合營企業	Joint ventures		357,503	(59,482)
聯營公司	Associates		163,429	(98,471)
除稅前溢利	PROFIT BEFORE TAX	6	5,031,631	4,127,479
所得稅開支	Income tax expense	10	(1,937,647)	(1,894,942)
年內溢利	PROFIT FOR THE YEAR		3,093,984	2,232,537
以下人士應佔：	Attributable to:			
母公司擁有人	Owners of the parent		2,506,405	2,120,734
非控股權益	Non-controlling interest		587,579	111,803
			3,093,984	2,232,537
母公司普通權益持有人 應佔每股盈利	EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
基本及攤薄	Basic and diluted	12	人民幣0.59元 RMB0.59	人民幣0.52元 RMB0.52

綜合全面收益表

Consolidated Statement of Comprehensive Income

截至二零一九年十二月三十一日止年度

Year ended 31 December 2019

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
年內溢利	PROFIT FOR THE YEAR	3,093,984	2,232,537
可於往後期間重新分類至 損益之其他全面收益：	Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
匯兌差額：	Exchange differences:		
換算海外業務產生的匯兌差額	Exchange differences on translation of foreign operations	(94,964)	(66,015)
可於往後期間重新分類至損益之 其他全面收益淨額	Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(94,964)	(66,015)
年內其他全面收益，扣除稅項	OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(94,964)	(66,015)
年內全面收益總額，扣除稅項	TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	2,999,020	2,166,522
以下人士應佔：	Attributable to:		
母公司擁有人	Owners of the parent	2,411,441	2,054,719
非控股權益	Non-controlling interests	587,579	111,803
		2,999,020	2,166,522

綜合財務狀況表

Consolidated Statement of Financial Position

二零一九年十二月三十一日

31 December 2019

		附註 Notes	二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
非流動資產	NON-CURRENT ASSETS			
物業、廠房及設備	Property, plant and equipment	13	579,770	876,882
投資物業	Investment properties	14	9,377,800	8,461,900
預付土地租賃款項	Prepaid land lease payments	15	—	213,674
使用權資產	Right-of-use assets	16	390,518	—
其他無形資產	Other intangible assets	17	6,843	9,940
預付款項、其他應收款項及其他資產	Prepayments, other receivables and other assets	25	120,120	—
於合營企業的投資	Investments in joint ventures	18	2,341,631	1,931,702
於聯營公司的投資	Investments in associates	19	3,199,926	1,796,827
遞延稅項資產	Deferred tax assets	20	1,684,744	1,463,999
非流動資產總值	Total non-current assets		17,701,352	14,754,924
流動資產	CURRENT ASSETS			
按公平值計入損益的 金融資產	Financial assets at fair value through profit or loss	21	773,896	862,161
開發中物業	Properties under development	22	86,379,442	63,588,003
持作出售已竣工物業	Completed properties held for sale	23	7,626,154	11,433,470
貿易應收款項	Trade receivables	24	66,293	34,151
應收關聯公司款項	Due from related companies	43	6,696,104	7,686,366
預付土地租賃款項	Prepaid land lease payments	15	—	754,184
預付款項、其他應收款項及其他資產	Prepayments, other receivables and other assets	25	13,533,906	12,755,716
可收回稅項	Tax recoverable		1,135,255	1,160,983
受限制現金	Restricted cash	26	5,137,032	4,866,036
已抵押存款	Pledged deposits	26	1,801,205	963,560
現金及現金等價物	Cash and cash equivalents	26	28,368,571	22,538,953
流動資產總值	Total current assets		151,517,858	126,643,583

綜合財務狀況表

Consolidated Statement of Financial Position

二零一九年十二月三十一日

31 December 2019

		附註 Notes	二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
流動負債	CURRENT LIABILITIES			
貿易應付款項及應付票據	Trade and bills payables	27	16,752,615	8,212,543
其他應付款項及應計費用	Other payables and accruals	28	10,571,875	5,449,969
合約負債	Contract liabilities	29	38,797,781	47,149,486
應付關聯公司款項	Due to related companies	43	7,386,244	3,332,983
計息銀行及其他借款	Interest-bearing bank and other borrowings	30	14,534,136	21,629,210
優先票據	Senior notes	31	3,482,134	1,094,198
公司債券	Corporate bonds	32	2,024,173	1,115,788
應付稅項	Tax payable	10	2,828,821	2,297,672
租賃負債	Lease liabilities	16	68,171	—
流動負債總額	Total current liabilities		96,445,950	90,281,849
流動資產淨值	NET CURRENT ASSETS		55,071,908	36,361,734
總資產減流動負債	TOTAL ASSETS LESS CURRENT LIABILITIES		72,773,260	51,116,658

綜合財務狀況表

Consolidated Statement of Financial Position

二零一九年十二月三十一日

31 December 2019

		附註 Notes	二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
非流動負債	NON-CURRENT LIABILITIES			
計息銀行及其他借款	Interest-bearing bank and other borrowings	30	21,782,986	16,541,379
其他應付款項及應計費用	Other payables and accruals	28	2,321,843	3,285,661
公司債券	Corporate bonds	32	3,481,130	2,034,399
優先票據	Senior notes	31	13,360,910	4,076,627
遞延稅項負債	Deferred tax liabilities	20	702,925	699,591
租賃負債	Lease liabilities	16	63,477	—
非流動負債總額	Total non-current liabilities		41,713,271	26,637,657
淨資產	Net assets		31,059,989	24,479,001
權益	EQUITY			
母公司擁有人應佔權益	Equity attributable to owners of the parent			
股本	Share capital	33	282	265
儲備	Reserves	34	16,396,245	13,528,703
			16,396,527	13,528,968
永續資本證券	Perpetual capital securities	35	1,439,510	3,008,224
非控股權益	Non-controlling interests		13,223,952	7,941,809
權益總額	Total equity		31,059,989	24,479,001

黃仙枝先生
董事

陳偉健先生
董事

Mr. Huang Xianzhi
Director

Mr. Chan Wai Kin
Director

綜合權益變動表

Consolidated Statement of Changes in Equity

截至二零一九年十二月三十一日止年度
Year ended 31 December 2019

		母公司擁有人應佔							非控股權益			
		Attributable to owners of the parent							Non-controlling interests			
		股本	股份溢價	合併儲備	資本儲備	法定盈餘儲備	匯兌波動儲備	保留溢利	永續資本證券	其他	總計	權益總額
		Share capital	Share premium	Merger reserve	Capital reserve	Statutory reserves	Exchange fluctuation reserve	Retained profits	Perpetual securities	Others	Total	Total equity
		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
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(附註33)	(附註34(a))	(附註34(b))	(附註34(c))	(附註34(d))	(附註34(e))					
		(note 33)	(note 34(a))	(note 34(b))	(note 34(c))	(note 34(d))	(note 34(e))					
於二零一八年十二月三十一日	As at 31 December 2018	265	3,588,067*	4,527,360*	444,783*	561,266*	(66,015)*	4,473,242*	13,528,968	3,008,224	7,941,809	24,479,001
年內溢利	Profit for the year	—	—	—	—	—	—	2,506,405	2,506,405	267,622	319,957	3,093,984
年內其他全面收益：	Other comprehensive income for the year:											
換算海外業務產生的匯兌差額	Exchange differences on translation of foreign operations	—	—	—	—	—	(94,964)	—	(94,964)	—	—	(94,964)
年內全面收益總額	Total comprehensive income for the year	—	—	—	—	—	(94,964)	2,506,405	2,411,441	267,622	319,957	2,999,020
發行新股	Issuance of new shares	17	1,056,435	—	—	—	—	—	1,056,452	—	—	1,056,452
附屬公司非控股股東出資	Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	(22,917)	—	—	—	(22,917)	—	5,015,687	4,992,770
收購非控股權益	Acquisition of non-controlling interests	—	—	—	(49,755)	—	—	—	(49,755)	—	(123,525)	(173,280)
收購附屬公司 (附註38)	Acquisition of subsidiaries (note 38)	—	—	—	—	—	—	—	—	70,024	70,024	70,024
股息及分派	Dividends and distributions	—	—	—	—	—	—	(527,662)	(527,662)	—	—	(527,662)
向永續資本證券持有人派付股息	Dividends to the holder of perpetual capital securities	—	—	—	—	—	—	—	(225,000)	—	(225,000)	(225,000)
發行永續資本證券	Issue of perpetual capital securities	—	—	—	—	—	—	—	1,363,107	—	1,363,107	1,363,107
贖回永續資本證券	Redemption of perpetual capital securities	—	—	—	—	—	—	—	(2,974,443)	—	(2,974,443)	(2,974,443)
轉撥至法定盈餘儲備	Appropriations to statutory surplus reserves	—	—	—	—	387,794	—	(387,794)	—	—	—	—
於二零一九年十二月三十一日	As at 31 December 2019	282	4,644,502*	4,527,360*	372,111*	949,060*	(160,979)*	6,064,191*	16,396,527	1,439,510	13,223,952	31,059,989

綜合權益變動表

Consolidated Statement of Changes in Equity

截至二零一九年十二月三十一日止年度

Year ended 31 December 2019

		母公司擁有人應佔							非控股權益				
		Attributable to owners of the parent							Non-controlling interests				
		股本	股份溢價	合併儲備	資本儲備	法定 盈餘儲備	匯兌 波動儲備	保留溢利	永續 資本證券				權益總額
		Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserves	Exchange fluctuation reserve	Retained profits	總計 Total	capital securities	其他 Others	總計 Total	Total equity
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(附註33)	(附註34(a))	(附註34(b))	(附註34(c))	(附註34(d))	(附註34(e))						
		(note 33)	(note 34(a))	(note 34(b))	(note 34(c))	(note 34(d))	(note 34(e))						
於二零一八年一月一日	At 1 January 2018	3	—	4,527,360	387,636	292,319	—	2,951,373	8,158,691	2,974,443	1,054,716	4,029,159	12,187,850
年內溢利	Profit for the year	—	—	—	—	—	—	2,120,734	2,120,734	258,781	(146,978)	111,803	2,232,537
年內其他全面收益：	Other comprehensive income for the year:												
換算海外業務產生的 匯兌差額	Exchange differences on translation of foreign operations	—	—	—	—	—	(66,015)	—	(66,015)	—	—	—	(66,015)
年內全面收益總額	Total comprehensive income for the year	—	—	—	—	—	(66,015)	2,120,734	2,054,719	258,781	(146,978)	111,803	2,166,522
發行新股	Issuance of new shares	262	3,588,067	—	—	—	—	—	3,588,329	—	—	—	3,588,329
附屬公司非控股股東出資	Capital contribution from non-controlling shareholders of subsidiaries	—	—	—	187,928	—	—	—	187,928	—	6,907,373	6,907,373	7,095,301
收購非控股權益	Acquisition of non-controlling interests	—	—	—	(130,781)	—	—	—	(130,781)	—	(128,850)	(128,850)	(259,631)
收購附屬公司	Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	486,277	486,277	486,277
向附屬公司非控股股東 派付股息	Dividends paid to a non-controlling shareholder of the subsidiary	—	—	—	—	—	—	—	—	—	(230,729)	(230,729)	(230,729)
股息及分派	Dividends and distributions	—	—	—	—	—	—	(329,918)	(329,918)	—	—	—	(329,918)
向永續資本證券持有人 派付股息	Dividends to the holder of perpetual capital securities	—	—	—	—	—	—	—	—	(225,000)	—	(225,000)	(225,000)
轉撥至法定盈餘儲備	Appropriations to statutory surplus reserves	—	—	—	—	268,947	—	(268,947)	—	—	—	—	—
於二零一八年 十二月三十一日	As at 31 December 2018	265	3,588,067*	4,527,360*	444,783*	561,266*	(66,015)*	4,473,242*	13,528,968	3,008,224	7,941,809	10,950,033	24,479,001

* 該等儲備賬目包括綜合財務狀況表內的綜合儲備人民幣16,396,245,000元（二零一八年：人民幣13,528,703,000元）。

* These reserve accounts comprise the consolidated reserves of RMB16,396,245,000 (2018: RMB13,528,703,000) in the consolidated statement of financial position.

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一九年十二月三十一日止年度

Year ended 31 December 2019

	附註 Notes	二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
經營活動現金流量	CASH FLOWS FROM OPERATING ACTIVITIES		
除稅前溢利	Profit before tax	5,031,631	4,127,479
調整：	Adjustments for:		
物業、廠房及設備項目折舊	Depreciation of items of property, plant and equipment	57,679	29,235
使用權資產折舊	Depreciation of right-of-use assets	44,224	—
攤銷其他無形資產	Amortisation of other intangible assets	4,906	4,437
出售物業、廠房及設備項目的(收益)/虧損淨額	(Gain)/loss on disposal of items of property, plant and equipment, net	(785)	46
折價收購收益	Gain on bargain purchase	—	(3,734)
出售附屬公司的收益	Gain on disposal of subsidiaries	(54,961)	(11,641)
應佔以下單位溢利及虧損：	Share of profits and losses of:		
合營企業	Joint ventures	(357,503)	59,482
聯營公司	Associates	(163,429)	98,471
公平值收益淨額：	Fair value gains, net:		
按公平值計入損益的金融資產	Financial assets at fair value through profit or loss	14,513	(80,452)
投資物業公平值變動	Changes in fair value of investment properties	(326,507)	(144,561)
計入預付款項、其他應收款項及其他資產的金融資產減值撥備	Impairment provision for financial assets included in prepayments, other receivables and other assets	482	4,141
開發中物業確認的減值虧損	Impairment losses recognised for properties under development	66,456	282,783
減值虧損撇銷	Impairment losses written-off	(227,701)	(186,508)
融資成本	Finance costs	484,091	381,482
利息收入	Interest income	(373,261)	(272,424)
		4,199,835	4,288,236

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一九年十二月三十一日止年度

Year ended 31 December 2019

	附註 Notes	二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
開發中物業及持作出售已竣工物業增加	Increase in properties under development and completed properties held for sale	(23,177,513)	(10,863,013)
預付土地租賃款項減少	Decrease in prepaid land lease payments	967,858	2,084,498
受限制現金增加	Increase in restricted cash	(270,996)	(934,556)
已抵押存款(增加)/減少	(Increase)/decrease in pledged deposits	(696,992)	142,226
貿易應收款項增加	Increase in trade receivables	(32,142)	(18,546)
預付款項、其他應收款項及其他資產減少/(增加)	Decrease/(increase) in prepayments, other receivables and other assets	1,157,479	(2,916,771)
應收關聯公司款項增加	Increase in amounts due from related companies	(131,139)	(41,216)
貿易應付款項及應付票據增加	Increase in trade and bills payables	8,984,210	2,523,183
其他應付款項及應計費用增加	Increase in other payables and accruals	5,999,922	3,431,465
合約負債(減少)/增加	(Decrease)/increase in contract liabilities	(5,758,586)	4,412,757
應付關聯公司款項減少	Decrease in amounts due to related companies	(23,039)	(7,141)
經營(所用)/所得現金	Cash (used in)/generated from operations	(8,781,103)	2,101,122
已收利息	Interest received 5	373,261	272,424
已付利息	Interest paid	(3,969,598)	(3,498,072)
已付稅項	Tax paid	(1,686,200)	(1,539,412)
經營活動所用現金流量淨額	Net cash flows used in operating activities	(14,063,640)	(2,663,938)

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一九年十二月三十一日止年度

Year ended 31 December 2019

	附註 Notes	二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
投資活動現金流量	CASH FLOWS FROM INVESTING ACTIVITIES		
購買物業、廠房及設備項目	Purchases of items of property, plant and equipment	(36,785)	(126,223)
購買其他無形資產	Purchase of other intangible assets	(1,829)	(7,336)
添置投資物業	Additions in investment properties	(539,848)	(293,738)
收購附屬公司	Acquisition of subsidiaries	58,882	367,299
收購按公平值計入損益的金融資產	Acquisition of financial assets at fair value through profit or loss	(805,670)	(748,450)
出售附屬公司	Disposal of subsidiaries	(509,395)	24,035
出售按公平值計入損益的金融資產	Disposal of financial assets at fair value through profit or loss	888,067	5,000
於合營企業的投資	Investments in joint ventures	(50,175)	(1,090,853)
於聯營公司的投資	Investments in associates	(1,217,099)	(1,651,586)
出售物業、廠房及設備項目	Disposal of items of property, plant and equipment	3,035	1,132
投資活動所用現金流量淨額	Net cash flows used in investing activities	(2,210,817)	(3,520,720)

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一九年十二月三十一日止年度
Year ended 31 December 2019

	附註 Notes	二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
融資活動現金流量	CASH FLOWS FROM FINANCING ACTIVITIES		
附屬公司非控股股東出資	Capital contribution from non-controlling shareholders of subsidiaries	4,992,770	7,095,301
向附屬公司非控股股東派付股息	Dividends paid to non-controlling shareholders of subsidiaries	—	(230,729)
向本公司權益持有人派付股息	Dividends paid to the equity holders of the Company	(527,662)	(329,918)
向永續資本證券持有人派付股息	Dividends paid to the holder of perpetual capital securities	(225,000)	(225,000)
收購附屬公司非控股權益	Acquisition of non-controlling interests in subsidiaries	(173,280)	(259,631)
關聯公司墊款	Advances from related companies	43	4,365,197
償還關聯公司墊款	Repayment of advances from related companies	43	(208,745)
償還給予關聯公司的墊款	Repayment of advances to related companies	43	31,546,359
給予關聯公司的墊款	Advances to related companies	43	(38,384,020)
已抵押存款(增加)/減少	(Increase)/Decrease in pledged deposits	(140,653)	89,517
計息銀行及其他借款所得款項	Proceeds from interest-bearing bank and other borrowings	15,354,229	22,004,959
償還計息銀行及其他借款	Repayment of interest-bearing bank and other borrowings	(17,022,516)	(24,104,568)
發行新股所得款項	Proceeds from issue of new shares	1,066,775	3,677,296
股份發行開支	Share issue expenses	(10,323)	(88,967)
發行公司債券所得款項	Proceeds from issue of corporate bonds	3,433,425	1,994,500
償還公司債券	Repayment of corporate bonds	(1,115,788)	(892,445)
發行優先票據所得款項	Proceeds from issue of senior notes	13,313,073	4,767,196
償還優先票據	Repayment of senior notes	(2,523,996)	—
發行資產支持證券所得款項	Proceeds from issue of asset-backed securities	28	3,285,661
發行永續資本證券所得款項	Proceeds from issue of perpetual capital securities	35	1,363,107
贖回永續資本證券	Redemption of perpetual capital securities	35	(2,974,443)
租賃款項的本金部份	Principal portion of lease payments	16	(29,101)
融資活動所得現金流量淨額	Net cash flows from financing activities	21,973,130	14,101,963

綜合現金流量表

Consolidated Statement of Cash Flows

截至二零一九年十二月三十一日止年度

Year ended 31 December 2019

		附註 Notes	二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
現金及現金等價物增加淨額	NET INCREASE IN CASH AND CASH EQUIVALENTS		5,698,673	7,917,305
年初現金及現金等價物	Cash and cash equivalents at beginning of year		22,538,953	14,539,485
現金及現金等價物匯兌虧損	Exchange loss on cash and cash equivalents		130,945	82,163
年末現金及現金等價物	CASH AND CASH EQUIVALENTS AT END OF YEAR		28,368,571	22,538,953
現金及現金等價物結餘分析	ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
現金及銀行結餘	Cash and bank balances	26	35,306,808	28,368,549
減：受限制現金	Less: Restricted cash		5,137,032	4,866,036
已抵押存款	Pledged deposits	26	1,801,205	963,560
現金流量表所列現金及現金等價物	Cash and cash equivalents as stated in the statement of cash flows		28,368,571	22,538,953

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日
31 December 2019

1. 公司及集團資料

本公司於二零一四年七月二十一日在開曼群島註冊成立為獲豁免有限公司。本公司股份於二零一八年一月十六日在香港聯合交易所有限公司（「聯交所」）主板上市。本公司的註冊辦事處位於27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands。

於年內，正榮地產集團有限公司（「本公司」）及其附屬公司（統稱「本集團」）主要於中華人民共和國（「中國」）從事物業開發、物業租賃及商業物業管理。另外，本公司在中國成立的附屬公司均為有限責任公司。

董事認為，本公司的控股公司及最終控股公司為RoYue Limited，該公司於英屬處女群島註冊成立。

有關附屬公司的資料

本公司主要附屬公司的詳情載列如下：

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
直接持有： Directly held:				
Zhenro International Limited	英屬處女群島	50,000美元	100%	投資控股
Zhenro International Limited	British Virgin Islands	US\$50,000		Investment holding
Blooming Force Limited	英屬處女群島	50,000美元	100%	投資控股
Blooming Force Limited	British Virgin Islands	US\$50,000		Investment holding

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 July 2014. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 January 2018. The registered office of the Company is located at 27 Hospital Road, George Town, Grand Cayman KY1-9008, Cayman Islands.

During the year, Zhenro Properties Group Limited (the "Company", together with subsidiaries, the "Group") principally engaged in the property development, property leasing and commercial property management in the People's Republic of China ("PRC" or "China"). Besides, the Company's subsidiaries established in China are all limited liability companies.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is RoYue Limited, which is incorporated in the British Virgin Islands.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are set out below:

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日

31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有： Indirectly held:				
Zhenro Hong Kong Limited	香港	10,000港元	100%	投資控股
Zhenro Hong Kong Limited	Hong Kong	HK\$10,000		Investment holding
Sheen Billion Investment Limited	香港	10,000港元	100%	投資控股
Sheen Billion Investment Limited	Hong Kong	HK\$10,000		Investment holding
True Dragon (Singapore) Pte. Ltd.	新加坡	5,000,000新加坡元	100%	投資控股
True Dragon (Singapore) Pte. Ltd.	Singapore	SGD5,000,000		Investment holding
福州匯衡貿易有限公司	中華人民共和國	人民幣10,000,000元	100%	投資控股
Fuzhou Huiheng Trading Co., Ltd.	(「中國」)／中國內地 People's Republic of China ("PRC")/ Mainland China	RMB10,000,000		Investment holding
福州豐澤威實業有限公司	中國／中國內地	人民幣1,000,000,000元	100%	投資控股
Fuzhou Fengzewei Industrial Co., Ltd.	PRC/Mainland China	RMB1,000,000,000		Investment holding
福州華策企業管理有限公司	中國／中國內地	人民幣200,000,000元	100%	投資控股
Fuzhou Huace Enterprise Management Co., Ltd.	PRC/Mainland China	RMB200,000,000		Investment holding
福州駿泰商業管理有限公司	中國／中國內地	人民幣800,000,000元	100%	投資控股
Fuzhou Juntai Commercial Management Co., Ltd.	PRC/Mainland China	RMB800,000,000		Investment holding
正榮地產控股股份有限公司	中國／中國內地	人民幣8,200,000,000元	100%	投資控股
Zhenro Property Holdings Company Limited	PRC/Mainland China	RMB8,200,000,000	100%	Investment holding

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Notes to Financial Statements

二零一九年十二月三十一日

31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正榮禦品(上海)置業發展有限公司 Zhenro Yupin (Shanghai) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 及物業租賃 Property development and property leasing
正榮禦園(上海)置業發展有限公司 Zhenro Yuyuan (Shanghai) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
正榮禦天(上海)置業發展有限公司 Zhenro Yutian (Shanghai) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 及物業租賃 Property development and property leasing
正榮禦楓(上海)置業發展有限公司 Zhenro Yufeng (Shanghai) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣325,500,000元 RMB325,500,000	100%	物業開發 Property development
正榮禦尊(上海)置業發展有限公司 Zhenro Yuzun (Shanghai) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正榮商業管理有限公司 Zhenro Commerce Management Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	商業物業管理 Commercial property management

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二零一九年十二月三十一日
31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正榮(莆田)投資發展有限公司 Zhenro (Putian) Investment Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
武漢正榮正泰置業有限公司 Wuhan Zhenro Zhengtai Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
南昌正榮正創置業有限公司 Nanchang Zhenro Zhengchuang Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
南昌正榮正興置業有限公司 Nanchang Zhenro Zhengxing Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
長沙正榮商業管理有限公司 Changsha Zhenro Commerce Management Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣1,000,000元 RMB1,000,000	100%	商業物業管理 Commercial property management
正榮(莆田)置業發展有限公司 Zhenro (Putian) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣310,000,000元 RMB310,000,000	100%	物業開發 及物業租賃 Property development and property leasing

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二零一九年十二月三十一日

31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正榮(莆田)房地產開發有限公司 Zhenro (Putian) Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣30,000,000元 RMB30,000,000	100%	物業開發 Property development
正榮財富(福建)置業有限公司 Zhenro Fortune (Fujian) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 及物業租賃 Property development and property leasing
正榮(莆田)商業管理有限公司 Zhenro (Putian) Commerce Management Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣10,000,000元 RMB10,000,000	100%	物業管理 Property management
正榮(長沙)置業有限公司 Zhenro (Changsha) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣60,000,000元 RMB60,000,000	100%	物業開發 及物業租賃 Property development and property leasing
南昌正榮(新加坡)置業有限公司 (「南昌置業」) Nanchang Zhenro (Singapore) Real Estate Co., Ltd. (“Nanchang Real Estate”)	中國／中國內地 PRC/Mainland China	人民幣105,000,000元 RMB105,000,000	100%	物業開發 及物業租賃 Property development and property leasing
南昌世歐房地產開發有限公司 Nanchang Shiou Properties Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣98,039,200元 RMB98,039,200	100%	物業開發 Property development

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二零一九年十二月三十一日
31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正榮山田正泰(平潭)置業發展 有限公司* Zhenro Shantian Zhengtai (Pingtan) Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	51%	物業開發 Property development
西安景恒商業物業管理有限公司 Xi'an Jingheng Commercial Property Management Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣500,000元 RMB500,000	100%	商業物業管理 Commercial property management
西安景齊房地產開發有限公司 Xi'an Jingqi Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣5,000,000元 RMB5,000,000	100%	物業開發 Property development
福州正榮商業管理有限公司 Fuzhou Zhenro Commerce Management Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣1,000,000元 RMB1,000,000	100%	商業物業管理 Commercial property management
正榮玉湖(莆田)開發有限公司 Zhenro Yuhu (Putian) Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣80,000,000元 RMB80,000,000	100%	物業開發 Property development
正榮正宏(莆田)置業發展有限公司 Zhenro Zhenghong (Putian) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣80,000,000元 RMB80,000,000	100%	物業開發 Property development

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二零一九年十二月三十一日

31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續)				
Indirectly held: (Continued)				
湖南秀山麗水置業有限公司 Hunan Xiushan Lishui Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣8,000,000元 RMB8,000,000	100%	物業開發 Property development
蘇州正瑞置業發展有限公司 Suzhou Zhengrui Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
南昌正榮紅穀投資發展有限公司 Nanchang Zhenro Honggu Investment Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
南昌正榮新建投資發展有限公司 Nanchang Zhenro Xinjian Investment Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
合肥永拓置業發展有限公司** Hefei Yongtuo Real Estate Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣400,000,000元 RMB400,000,000	25%	物業開發 Property development
合肥正茂置業發展有限公司 Hefei Zhengmao Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
合肥正裕置業發展有限公司 Hefei Zhengyu Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣125,000,000元 RMB125,000,000	100%	物業開發 Property development

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Notes to Financial Statements

二零一九年十二月三十一日
31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正潤(莆田)置業發展有限公司 Zhengrun (Putian) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣80,000,000元 RMB80,000,000	100%	物業開發 Property development
正升(平潭)置業發展有限公司* Zhengsheng (Pingtan) Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	75%	物業開發 Property development
西安景恒房地產開發有限公司 Xi'an Jingheng Property Development Co., Ltd.	中國／中國內地	人民幣50,000,000元 RMB50,000,000	100%	物業開發 及物業租賃 Property development and property leasing
正榮(南平)置業發展有限公司 Zhenro (Nanping) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正榮(閩侯)置業發展有限公司 Zhenro (Minhou) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正榮(馬尾)置業發展有限公司 Zhenro (Mawei) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣80,000,000元 RMB80,000,000	100%	物業開發 及物業租賃 Property development and property leasing

財務報表附註

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二零一九年十二月三十一日

31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正榮(福州)置業發展有限公司 Zhenro (Fuzhou) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正榮(閩侯)投資發展有限公司 Zhenro (Minhou) Investment Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 及物業租賃 Property development and property leasing
正榮山田(平潭)置業發展有限公司 Zhenro Shantian (Pingtan) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
南京正榮江濱投資發展有限公司 Nanjing Zhenro Jiangbin Investment Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
南京正榮房地產開發有限公司 Nanjing Zhenro Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
南京正榮置業發展有限公司 Nanjing Zhenro Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣110,000,000元 RMB110,000,000	100%	物業開發 Property development

財務報表附註

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二零一九年十二月三十一日
31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正榮(天津)置業發展有限公司 Zhenro (Tianjin) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
正榮山田(平潭)投資發展有限公司 Zhenro Shantian (Pingtan) Investment Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正榮蘇南(蘇州)置業發展有限公司* Zhenro Sunan (Suzhou) Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣159,462,900元 RMB159,462,900	62.71%	物業開發 Property development
正榮集團蘇南(蘇州)投資有限公司 Zhenro Group Sunan (Suzhou) Investment Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	52%	物業開發 Property development
江西省正榮房地產開發有限公司 Jiangxi Zhenro Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣1,000,000,000元 RMB1,000,000,000	100%	物業開發 Property development
天津正榮正宏置業發展有限公司 Tianjin Zhenro Zhenghong Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development

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二零一九年十二月三十一日

31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續)				
Indirectly held: (Continued)				
正榮正興(天津)置業發展有限公司 Zhenro Zhengxing (Tianjin) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 及物業租賃 Property development and property leasing
正榮蘇南(蘇州)房地產有限公司* Zhenro Sunan (Suzhou) Property Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣98,254,300元 RMB98,254,300	51.91%	物業開發 Property development
南京正榮德信房地產開發有限公司 Nanjing Zhenro Dexin Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 及物業租賃 Property development and property leasing
福州市馬尾區正榮房地產開發 有限公司 Fuzhou Mawei District Zhenro Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣60,000,000元 RMB60,000,000	100%	物業開發 Property development
正榮(福州)投資發展有限公司 Zhenro (Fuzhou) Investment Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
閩侯正榮正升置業發展有限公司 Minhou Zhenro Zhengsheng Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

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二零一九年十二月三十一日
31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正榮蘇通(蘇州)房地產開發有限公司 Zhenro Sutong (Suzhou) Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
滁州正宏置業發展有限公司** Chuzhou Zhenghong Real Estate Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣125,000,000元 RMB125,000,000	40%	物業開發 Property development
石獅市正升置業發展有限公司 Shishi Zhengsheng Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正茂(平潭)置業發展有限公司* Zhengmao (Pingtan) Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	75%	物業開發 Property development
蘇州正利置業有限公司 Suzhou Zhengli Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
正泰(福州)置業發展有限公司 Zhengtai (Fuzhou) Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正升(福州)置業發展有限公司 Zhengsheng (Fuzhou) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development

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二零一九年十二月三十一日

31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正豐(莆田)置業發展有限公司 Zhengfeng (Putian) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣80,000,000元 RMB80,000,000	100%	物業開發 Property development
濟南正啟置業有限公司* Jinan Zhengqi Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣500,000,000元 RMB500,000,000	50.5%	物業開發 Property development
贛州市正碧置業發展有限公司 Ganzhou Zhengbi Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣10,000,000元 RMB10,000,000	100%	物業開發 Property development
福建力沃置業有限公司* Fujian Liwo Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣80,000,000元 RMB80,000,000	70%	物業開發 Property development
正鼎(福清)置業發展有限公司* Zhengding (Fuqing) Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣1,000,000,000元 RMB1,000,000,000	51%	物業開發 Property development
正瑞(福清)置業發展有限公司* Zhengrui (Fuqing) Real Estate Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣1,000,000,000元 RMB1,000,000,000	51%	物業開發 Property development
正欣(平潭)置業發展有限公司 Zhengxin (Pingtan) Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development

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二零一九年十二月三十一日

31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
嘉興卓驪房地產開發有限公司** Jiaxing Zhuosu Property Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	50%	物業開發 Property development
嘉興榮昱置業有限公司* Jiaxing Rongyu Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	51%	物業開發 Property development
天津和晟房地產開發有限公司** Tianjin Hesheng Property Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣60,000,000元 RMB60,000,000	50%	物業開發 Property development
長沙正澤置業有限公司* Changsha Zhengze Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣800,000,000元 RMB800,000,000	51%	物業開發 Property development
鄭州新榮桂置業有限公司* Zhengzhou Xinronggui Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣3,000,000,000元 RMB3,000,000,000	57.9%	物業開發 Property development
吉安市碧榮房地產開發有限公司** Ji'an Birong Property Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣200,000,000元 RMB200,000,000	50%	物業開發 Property development
吉安市園榮房地產開發有限公司** Ji'an Yuanrong Property Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣200,000,000元 RMB200,000,000	50%	物業開發 Property development

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二零一九年十二月三十一日

31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
長沙正榮正泰置業發展有限公司** Changsha Zhenro Zhengtai Real Estate Development Co., Ltd. **	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	50%	物業開發 Property development
南京糧榮信房地產開發有限公司** Nanjing Liangrongxin Property Development Co., Ltd. **	中國／中國內地 PRC/Mainland China	人民幣560,000,000元 RMB560,000,000	36.67%	物業開發 Property development
六安正裕房地產開發有限公司** Lu'an Zhengyu Property Development Co., Ltd. **	中國／中國內地 PRC/Mainland China	人民幣150,000,000元 RMB150,000,000	35%	物業開發 Property development
襄陽市長房正創置業有限公司 Xiangyang Changfang Zhengchuang Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
成都春華田園農業發展有限公司* Chengdu Chunhua Tianyuan Agriculture Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣10,000,000元 RMB10,000,000	65%	物業開發 Property development
漳州市正裕置業有限公司* Zhangzhou Zhengyu Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣1,600,000,000元 RMB1,600,000,000	51%	物業開發 Property development
嘉興榮坤置業有限公司** Jiaxing Rongkun Real Estate Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	37%	物業開發 Property development

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二零一九年十二月三十一日

31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
宜春金投置地有限公司** Yichun Jintou Real Estate Co., Ltd. **	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	35%	物業開發 Property development
廣州福茂房地產開發有限公司**/** Guangzhou Fumao Property Development Co., Ltd. **/**	中國／中國內地 PRC/Mainland China	人民幣500,000,000元 RMB500,000,000	34%	物業開發 Property development
西安正頤置業有限公司* Xi'an Zhengyi Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣10,660,000元 RMB10,660,000	93.79%	物業開發 Property development
南京正紫置業發展有限公司 Nanjing Zhengzi Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
合肥榮豐房地產開發有限公司 Hefei Rongfeng Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
合肥榮瑞房地產開發有限公司 Hefei Rongrui Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
合肥榮森房地產開發有限公司 Hefei Rongsen Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日

31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續)				
Indirectly held: (Continued)				
合肥榮金房地產開發有限公司 Hefei Rongjin Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100%	物業開發 Property development
襄陽正耀房地產開發有限公司 Xiangyang Zhengyao Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正惠程成都置業有限公司 Zhenghuicheng Chengdu Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣30,000,000元 RMB30,000,000	100%	物業開發 Property development
重慶正珏置業發展有限公司 Chongqing Zhengjue Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣30,000,000元 RMB30,000,000	100%	物業開發 Property development
西安正弘豐置業有限公司* Xi'an Zhenghongfeng Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣10,360,000元 RMB10,360,000	96.5%	物業開發 Property development
正榮榮域(天津)置業發展有限公司 Zhenro Rongyu (Tianjin) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
正榮榮奕(天津)置業發展有限公司 Zhenro Rongyi (Tianjin) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日
31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
榮升(福州)置業發展有限公司* Rongsheng (Fuzhou) Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣1,930,000,000元 RMB1,930,000,000	80%	物業開發 Property development
榮裕(莆田)置業有限公司 Rongyu (Putian) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
蘇州領瑞置業有限公司**/** Suzhou Lingrui Real Estate Co., Ltd. **/**	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	50%	物業開發 Property development
蘇州程瑞置業有限公司**/** Suzhou Chengrui Real Estate Co., Ltd. **/**	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	50%	物業開發 Property development
常熟弘潤房地產開發有限公司* Changshu Hongrun Property Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣500,000,000元 RMB500,000,000	55%	物業開發 Property development
蘇州正譽房地產開發有限公司 Suzhou Zhengyu Property Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣1,009,520,000元 RMB1,009,520,000	100%	物業開發 Property development
南京正江置業發展有限公司* Nanjing Zhengjiang Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣600,000,000元 RMB600,000,000	51%	物業開發 Property development

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日

31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：

(續)

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:

(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
南京卓發置業有限公司** Nanjing Zhuofa Real Estate Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣300,000,000元 RMB300,000,000	49%	物業開發 Property development
武漢正舟置業發展有限公司 Wuhan Zhengzhou Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
榮瑞(福州)投資發展有限公司* Rongrui (Fuzhou) Investment Development Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣2,800,000,000元 RMB2,800,000,000	51.2%	物業開發 Property development
南昌碧榮房地產開發有限公司** Nanchang (Birong) Property Development Co., Ltd.**	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	50%	物業開發 Property development
宜春正創置業有限公司 Yichun Zhengchuang Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
榮宏(莆田)置業發展有限公司 Ronghong (Putian) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100%	物業開發 Property development
滁州弘正房地產開發有限公司* Chuzhou Hongzheng Real Estate Co., Ltd.*	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	50.1%	物業開發 Property development

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二零一九年十二月三十一日
31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
正隆（佛山）置業發展有限公司 Zhenglong (Foshan) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣10,000,000元 RMB10,000,000	100%	物業開發 Property development
合肥正華置地發展有限公司 Hefei Zhenghua Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣196,000,000元 RMB196,000,000	100% (附註) (note)	物業開發 Property development
徐州正銘置業發展有限公司 Xuzhou Zhengming Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣38,460,000元 RMB38,460,000	100% (附註) (note)	物業開發 Property development
徐州正永置業發展有限公司 Xuzhou Zhengyong Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣177,000,000元 RMB177,000,000	100% (附註) (note)	物業開發 Property development
南京正得置業發展有限公司 Nanjing Zhengde Real Estate Development Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣196,078,000元 RMB196,078,000	100% (附註) (note)	物業開發 Property development
濟南榮璽置業有限公司 Jinan Rongxi Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣100,000,000元 RMB100,000,000	100% (附註) (note)	物業開發 Property development
廈門市榮築置業有限公司 Xiamen Rongzhu Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣246,940,000元 RMB246,940,000	100% (附註) (note)	物業開發 Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

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二零一九年十二月三十一日
31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

本公司主要附屬公司的詳情載列如下：
(續)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
榮基(天津)置業發展有限公司 Rongji (Tianjin) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100% (附註) (note)	物業開發 Property development
南昌正鼎置業有限公司 Nanchang Zhengding Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣20,319,000元 RMB20,319,000	98.22% (附註) (note)	物業開發 Property development

所有於中國註冊的集團公司的英文名稱乃由本公司管理層盡最大努力對該等公司中文名稱翻譯所得，乃因其並無正式英文名稱。上文披露的所有主要附屬公司的法律形式為有限公司。

上表所列乃董事認為對年度業績有主要影響，或構成本集團淨資產主要部份的本公司附屬公司。董事認為若列出其他附屬公司的詳情，會令資料過於冗長。

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below:
(Continued)

附屬公司 Subsidiaries	註冊成立／ 登記及營業地點 Place of incorporation/ registration and business	已發行普通股／ 註冊股本 Issued ordinary/ registered share capital	本公司應佔 股權百分比 Percentage of equity interest attributable to the Company	主要業務 Principal activities
間接持有：(續) Indirectly held: (Continued)				
榮基(天津)置業發展有限公司 Rongji (Tianjin) Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣50,000,000元 RMB50,000,000	100% (附註) (note)	物業開發 Property development
南昌正鼎置業有限公司 Nanchang Zhengding Real Estate Co., Ltd.	中國／中國內地 PRC/Mainland China	人民幣20,319,000元 RMB20,319,000	98.22% (附註) (note)	物業開發 Property development

The English names of all group companies registered in the PRC represent the best efforts made by management of the Company to translate the Chinese names of these companies as they do not have official English names. The legal form of all the above disclosed principal subsidiaries are limited liability companies.

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.

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日
31 December 2019

1. 公司及集團資料 (續)

有關附屬公司的資料 (續)

附註：

於二零一九年十二月三十一日，本集團將於下列附屬公司的股權合法轉讓予信託融資公司作為抵押品。

合肥正華置地發展有限公司
徐州正銘置業發展有限公司
徐州正永置業發展有限公司
南京正得置業發展有限公司
濟南榮豐置業有限公司
廈門市榮築置業有限公司
榮基(天津)置業發展有限公司
南昌正鼎置業有限公司

根據上述安排，本集團有責任於借款償還後在未來某個日期按固定金額向信託融資公司進行購買。

* 該等公司為本公司的非全資附屬公司的附屬公司，因本公司於該等公司擁有控制權而入賬列為附屬公司。

** 由於本集團對參與該等公司業務所得的浮動回報承擔風險或享有權利以及能透過其於該等公司的多數投票權及指導該等公司經營活動的既存權利影響該等回報，本集團對該等公司擁有控制權，故該等公司列作本集團的附屬公司。

*** 年內，本集團自第三方收購廣州福茂房地產開發有限公司(「廣州福茂」)、蘇州領瑞置業有限公司(「蘇州領瑞」)及蘇州程瑞置業有限公司(「蘇州程瑞」)。該等收購事項的進一步詳情載於財務報表附註38。

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Note:

The Group legally transferred the equity interests in the following subsidiaries as collateral to trust financing companies as at 31 December 2019.

	於二零一九年 十二月三十一日 的質押權益百分比 Percentage of equity pledged as at 31 December 2019
Hefei Zhenghua Real Estate Development Co., Ltd.	47.27%
Xuzhou Zhengming Real Estate Development Co., Ltd.	48.00%
Xuzhou Zhengyong Real Estate Development Co., Ltd.	43.50%
Nanjing Zhengde Real Estate Development Co., Ltd.	49.00%
Jinan Rongxi Real Estate Co., Ltd.	49.00%
Xiamen Rongzhu Real Estate Co., Ltd.	49.00%
Rongji (Tianjin) Real Estate Co., Ltd.	70.00%
Nanchang Zhengding Real Estate Co., Ltd.	47.29%

Under the aforesaid arrangements, the Group was obliged to purchase at a fixed amount on a future date upon repayment of the borrowings from the trust financing company.

* These companies are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over them.

** As the Group has exposure or rights to variable returns from its involvement with those companies, and has the ability to affect those returns through its majority voting position and the existing rights to direct the operating activities of these companies, the Group has control over these companies and these companies are thus accounted for as subsidiaries of the Group.

*** During the year, the Group acquired Guangzhou Fumao Property Development Co., Ltd. ("Guangzhou Fumao"), Suzhou Lingrui Real Estate Co., Ltd. ("Suzhou Lingrui") and Suzhou Chengrui Real Estate Co., Ltd. ("Suzhou Chengrui") from third parties. Further details of these acquisitions are included in note 38 to the financial statements.

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日

31 December 2019

2.1 編製基準

該等財務報表乃根據國際會計準則理事會（「國際會計準則理事會」）批准的國際財務報告準則（「國際財務報告準則」）（包括所有標準及詮釋、國際會計準則（「國際會計準則」）及常設詮釋委員會詮釋）及香港公司條例的披露要求編製。該等財務報表乃根據歷史成本慣例法編製，惟已按公平值計量的投資物業及按公平值計入損益的金融資產除外。該等財務報表以人民幣（「人民幣」）呈列，除另有說明外，所有金額約整至最接近千位數。

合併基準

該等綜合財務報表包括本公司及其附屬公司（統稱為「本集團」）截至二零一九年十二月三十一日止年度的財務報表。附屬公司為由本公司直接或間接控制的實體（包括結構性實體）。當本集團對參與投資對象業務所得的浮動回報承擔風險或享有權利以及能透過其對投資對象的權力（即本集團獲賦予現有能力以指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，則本集團於評估其是否擁有對投資對象的權力時會考慮一切相關事實及情況，包括：

- (a) 與投資對象其他投票持有人的合約安排；
- (b) 其他合約安排所產生的權利；及
- (c) 本集團的投票權及潛在投票權。

附屬公司的財務報表乃就本公司的相同報告期使用貫徹一致的會計政策編製。附屬公司的業績乃自本集團獲取控制權之日開始作合併計算，並繼續綜合入賬直至有關控制權終止之日為止。

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all standards and interpretations, International Accounting Standards (“IASs”) and Standing Interpretations Committee interpretations) approved by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日
31 December 2019

2.1 編製基準 (續)

合併基準 (續)

即使導致非控股權益出現赤字餘額，損益及其他全面收益各部份仍歸屬於本集團母公司擁有人及非控股權益。所有有關本集團各成員公司間之交易的集團內公司間資產及負債、權益、收入、開支及現金流量會於綜合賬目時全數抵銷。

倘有事實及情況顯示上文所述三個控制因素中有一個或以上出現變動，則本集團將重新評估是否仍控制投資對象。附屬公司的擁有權權益變動（並無喪失控制權）作為股本交易入賬。

倘本集團失去對附屬公司之控制權，則會終止確認(i)該附屬公司之資產（包括商譽）及負債；(ii)任何非控股權益之賬面值及(iii)計入權益之累計匯兌差額；並確認(i)已收代價之公平值；(ii)任何保留投資之公平值；及(iii)損益中任何因此產生之盈餘或虧絀。先前已於其他全面收益確認之本集團應佔組成部份乃重新分類至損益或保留溢利（如適用），基準與本集團直接出售相關資產或負債所須使用之基準相同。

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.

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日

31 December 2019

2.2 會計政策及披露變動

本集團於本年度財務報表首次採納以下新訂及經修訂國際財務報告準則。

國際財務報告準則第9號的修訂

Amendments to IFRS 9

國際財務報告準則第16號

IFRS 16

國際會計準則第19號的修訂

Amendments to IAS 19

國際會計準則第28號的修訂

Amendments to IAS 28

國際財務報告詮釋委員會詮釋第23號

IFRIC-Int 23

國際財務報告準則的年度改進

二零一五年至二零一七年週期

Annual Improvements to IFRSs 2015-2017 Cycle

除國際財務報告準則第9號及國際會計準則第19號的修訂以及國際財務報告準則的年度改進二零一五年至二零一七年週期與本集團財務報表的編製並不相關外，新訂及經修訂國際財務報告準則的性質及影響概述如下：

- (a) 國際財務報告準則第16號取代國際會計準則第17號租賃、國際財務報告詮釋委員會詮釋第4號釐定安排是否包括租賃、常設詮釋委員會第15號經營租賃－優惠及常設詮釋委員會第27號評估牽涉租賃的法律形式的交易的內容。該準則載列確認、計量、呈列及披露租賃之原則，並要求承租人就所有租賃以單一資產負債表模式入賬，以確認及計量使用權資產及租賃負債，惟若干確認豁免除外。國際財務報告準則第16號大致沿用國際會計準則第17號內出租人的會計處理方式。出租人將繼續使用與國際會計準則第17號相似的原則，將租賃分類為經營租賃或融資租賃。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

具有負補償的提前還款特性

Prepayment Features with Negative Compensation

租賃

Leases

計劃調整、削減或結算

Plan Amendment, Curtailment or Settlement

於聯營公司及合營企業的長期權益

Long-term Interests in Associates and Joint Ventures

所得稅處理的不確定性

Uncertainty over Income Tax Treatments

國際財務報告準則第3號、國際財務報告準則第11號、國際會計準則第12號及國際會計準則第23號的修訂

Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

Except for the amendments to IFRS 9 and IAS 19, and *Annual Improvements to IFRSs 2015-2017 Cycle*, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRSs are described below:

- (a) IFRS 16 replaces IAS 17 *Leases*, IFRIC-Int 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日
31 December 2019

2.2 會計政策及披露變動 (續)

(a) (續)

國際財務報告準則第16號對本集團作為出租人的租賃並無任何重大影響。

本集團於二零一九年一月一日按經修訂追溯法首次採納國際財務報告準則第16號。根據此方法，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二零一九年一月一日保留溢利期初餘額的調整，且概不會重列二零一八年的比較資料，而繼續根據國際會計準則第17號及相關詮釋作出報告。

租賃的新定義

根據國際財務報告準則第16號，倘合約為換取代價而給予在一段期間內控制已識別資產使用的權利，則該合約為租賃或包含租賃。倘客戶有權從使用已識別資產中獲取絕大部份經濟利益及有權主導已識別資產的使用，則表示擁有控制權。本集團選擇使用過渡可行權宜方法，僅在首次應用日期對先前應用國際會計準則第17號及國際財務報告詮釋委員會詮釋第4號確認為租賃的合約應用該準則。根據國際會計準則第17號及國際財務報告詮釋委員會詮釋第4號未確認為租賃的合約並未予以重新評估。因此，國際財務報告準則第16號項下租賃的定義僅應用於在二零一九年一月一日或之後訂立或變更的合約。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

IFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC-Int 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日

31 December 2019

2.2 會計政策及披露變動 (續)

(a) (續)

作為承租人— 先前分類為經營租賃的租賃

採納國際財務報告準則第16號的影響的性質

本集團擁有多個物業、機動車及其他設備項目的租賃合約。作為承租人，本集團先前根據對租賃是否將資產擁有權的絕大部份回報與風險轉移至本集團的評估，將租賃分類為融資租賃或經營租賃。根據國際財務報告準則第16號，本集團對所有租賃應用單一方法確認與計量使用權資產及租賃負債，惟低價值資產租賃（基於每項租賃選擇）及租期為12個月或以內的租賃（「短期租賃」）（基於相關資產的類別選擇）可應用兩項選擇性豁免。本集團並未在自二零一九年一月一日開始的租期內以直線法確認經營租賃的租金開支，而是確認使用權資產的折舊（及減值，如有）及未償還租賃負債的應計利息（作為融資成本）。

過渡的影響

於二零一九年一月一日的租賃負債乃根據剩餘租賃款項按於二零一九年一月一日的增量借款利率貼現的現值確認，並計入計息銀行及其他借款。多數租賃的使用權資產按租賃負債金額計量，並就與緊接二零一九年一月一日前於財務狀況表確認之租賃相關之任何預付或應計租賃款項金額作出調整。

所有該等資產均於當日按國際會計準則第36號就任何減值予以評估。本集團選擇於財務狀況表單獨呈列使用權資產。

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 IFRS 16

The Group has lease contracts for various items of property, motor vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings. The right-of-use assets for most leases were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

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2.2 會計政策及披露變動 (續)

(a) (續)

作為承租人— 先前分類為經營租賃的租賃 (續)

於二零一九年一月一日應用國際財務報告準則第16號時，本集團已使用以下選擇性可行權宜方法：

- 將短期租賃豁免應用於租期自首次應用日期起計12個月內結束的租賃
- 倘合約包含續期／終止租賃的選擇權，則於事後釐定租期

於二零一九年一月一日的財務影響

於二零一九年一月一日採納國際財務報告準則第16號所產生的影響如下：

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

As a lessee – Leases previously classified as operating leases (Continued)

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

Financial impact at 1 January 2019

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

		增加／(減少) Increase/(decrease) 人民幣千元 RMB'000
資產	Assets	
物業、廠房及設備減少	Decrease in property, plant and equipment	(273,993)
開發中物業增加	Increase in properties under development	967,858
預付土地租賃款項減少	Decrease in prepaid land lease payments	(967,858)
使用權資產增加	Increase in right-of-use assets	375,785
資產總值增加	Increase in total assets	101,792
負債	Liabilities	
租賃負債增加	Increase in lease liabilities	101,792
負債總額增加	Increase in total liabilities	101,792

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2.2 會計政策及披露變動 (續)

(a) (續)

作為承租人— 先前分類為經營租賃的租賃 (續)

於二零一九年一月一日的租賃負債與於二零一八年十二月三十一日的經營租賃承擔的對賬如下：

於二零一八年十二月三十一日的經營租賃承擔
減：與短期租賃及餘下租期於二零一九年十二月三十一日或之前屆滿的該等租賃有關的承擔
與低價值資產租賃有關的承擔

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(a) (Continued)

As a lessee – Leases previously classified as operating leases (Continued)

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

		人民幣千元 RMB'000
於二零一八年十二月三十一日的經營租賃承擔	Operating lease commitments as at 31 December 2018	113,901
減：與短期租賃及餘下租期於二零一九年十二月三十一日或之前屆滿的該等租賃有關的承擔	Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(5,339)
與低價值資產租賃有關的承擔	Commitments relating to leases of low-value assets	(662)
		107,900
於二零一九年一月一日的加權平均增量借款利率	Weighted average incremental borrowing rate as at 1 January 2019	6%
於二零一九年一月一日的貼現經營租賃承擔	Discounted operating lease commitments at 1 January 2019	101,792
於二零一九年一月一日的租賃負債	Lease liabilities as at 1 January 2019	101,792

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2.2 會計政策及披露變動 (續)

- (b) 國際會計準則第28號的修訂明確說明國際財務報告準則第9號的豁免範圍僅包括就此應用權益法的於聯營公司或合營企業的權益，而不包括實質上構成於聯營公司或合營企業的投資淨額一部份的長期權益（並無就此應用權益法）。因此，實體應用國際財務報告準則第9號而非國際會計準則第28號（包括國際財務報告準則第9號項下的減值規定）將該等長期權益入賬。僅就確認聯營公司或合營企業的虧損及於聯營公司或合營企業的投資淨額的減值而言，國際會計準則第28號繼而應用於投資淨額（包括長期權益）。於二零一九年一月一日採納該等修訂後，本集團評估其於聯營公司及合營企業的長期權益的業務模式，並得出結論認為，於聯營公司及合營企業的長期權益繼續按照國際財務報告準則第9號按攤銷成本計量。因此，該等修訂對本集團的財務狀況或表現並無任何影響。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (b) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the long-term interests in associates and joint ventures continued to be measured at amortised cost in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

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2.2 會計政策及披露變動 (續)

- (c) 國際財務報告詮釋委員會詮釋第23號處理倘稅項處理涉及影響國際會計準則第12號的應用的不確定性(通常指「不確定的稅務狀況」)時的所得稅(即期及遞延)會計處理方法。該詮釋不適用於國際會計準則第12號範圍外的稅項或徵稅,且其亦無特別包括與不確定稅項處理相關的利息及處罰相關規定。該詮釋具體處理(i)實體是否單獨考慮不確定稅項處理;(ii)實體對稅務機關的稅項處理檢查所作的假設;(iii)實體如何釐定應課稅溢利或稅項虧損、稅基、未動用稅項虧損、未動用稅項抵免及稅率;及(iv)實體如何考慮事實及情況變動。於採納該詮釋後,本集團已考慮是否存在集團內公司間銷售之轉讓定價產生之任何不確定的稅務狀況。基於本集團之稅務合規及轉讓定價研究,本集團認為,其轉讓定價政策可能獲稅務機關接納。因此,該詮釋對本集團的財務狀況或表現並無任何影響。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (c) IFRIC-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as “uncertain tax positions”). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

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2.3 已頒佈但未生效的國際財務報告準則

本集團尚未於該等財務報表內應用下列已頒佈但未生效的新訂及經修訂國際財務報告準則。

國際財務報告準則第3號的修訂

Amendments to IFRS 3

國際財務報告準則第9號、國際會計準則第39號
及國際財務報告準則第7號的修訂

Amendments to IFRS 9, IAS 39 and IFRS 7

國際財務報告準則第10號及國際會計準則
第28號的修訂

Amendments to IFRS 10 and IAS 28

國際財務報告準則第17號

IFRS 17

國際會計準則第1號及國際會計準則第8號的修訂

Amendments to IAS 1 and IAS 8

國際會計準則第1號的修訂

Amendments to IAS 1

¹ 於二零二零年一月一日或之後開始的年度
期間生效

² 於二零二一年一月一日或之後開始的年度
期間生效

³ 於二零二二年一月一日或之後開始的年度
期間生效

⁴ 未釐定強制生效日期，惟仍可供採納

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

業務的定義¹

Definition of a Business¹

利率基準改革¹

Interest Rate Benchmark Reform¹

投資者與其聯營公司或合營企業之間的資產出售或注資⁴

*Sale or Contribution of Assets between an Investor and its
Associate or Joint Venture⁴*

保險合約²

Insurance Contracts²

重大的定義¹

Definition of Material¹

負債分類為即期或非即期³

Classification of Liabilities as Current or Non-current³

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 Effective for annual periods beginning on or after 1 January 2022

⁴ No mandatory effective date yet determined but available for adoption

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2.3 已頒佈但未生效的國際財務報告準則 (續)

有關預期適用於本集團的該等國際財務報告準則的進一步資料如下。

國際財務報告準則第3號的修訂澄清業務的定義，並就其提供額外指引。該等修訂明確說明，就可視為業務的一組整合活動及資產而言，其必須至少包括一項投入及一項重要過程，而兩者必須對形成產出的能力有重大貢獻。業務的存在毋須包括形成產出所需的所有投入及過程。該等修訂取消了評估市場參與者是否有能力收購業務並持續獲得產出的規定，轉為重點關注所取得的投入和所取得的重要過程是否共同對形成產出的能力有重大貢獻。該等修訂亦已收窄產出的定義，重點關注向客戶提供的貨物或服務、投資收入或日常活動產生的其他收入。此外，該等修訂提供有關評估所取得過程是否重大的指引，並新增公平值集中度測試選項，允許對所取得的一組活動及資產是否不屬於業務進行簡化評估。本集團預期將自二零二零年一月一日起按前瞻基準採納該等修訂。由於該等修訂適用於首次應用日期或之後發生的交易或其他事件，故本集團於過渡日期不會受該等修訂影響。

國際財務報告準則第9號、國際會計準則第39號及國際財務報告準則第7號之修訂旨在解決銀行同業拆息改革對財務申報之影響。該等修訂就在替換現有利率基準前之不確定期限內繼續進行對沖會計處理之暫時性補救措施作出規定。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之對沖關係之額外資料。該等修訂將於自二零二零年一月一日或之後開始的年度期間生效，惟可提早應用。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。

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from 1 January 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39 and IFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments are effective for annual periods beginning on or after 1 January 2020. Early application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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2.3 已頒佈但未生效的國際財務報告準則 (續)

國際財務報告準則第10號及國際會計準則第28號的修訂處理國際財務報告準則第10號及國際會計準則第28號於處理投資者與其聯營公司或合營企業之間的資產出售或注資方面的規定的不一致情況。該等修訂規定，當投資者與其聯營公司或合營企業之間的資產出售或注資構成一項業務時，須全面確認盈虧。對於涉及並無構成一項業務的資產的交易而言，該項交易產生的盈虧於投資者的損益中確認，惟僅以不相關投資者於該聯營公司或合營企業的權益為限。該等修訂將按前瞻性基準應用。國際會計準則理事會已於二零一五年十二月剔除國際財務報告準則第10號及國際會計準則第28號的修訂的以往強制生效日期，而新的強制生效日期將於對聯營公司及合營企業的會計處理完成更廣泛的檢討後釐定。然而，該等修訂可於現時採納。

國際會計準則第1號及國際會計準則第8號的修訂提供重要的新定義。新定義列明，倘合理預期遺漏、誤述或隱瞞相關資料會影響通用財務報表的主要用戶根據該等財務報表作出的決策，則該等資料屬重要。修訂澄清重要性將取決於資料的性質或重要性。倘合理預期資料的錯誤陳述會影響主要用戶作出的決策，則錯誤陳述資料屬重要。本集團預期自二零二零年一月一日起按前瞻基準採納該等修訂。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。

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

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2.4 重大會計政策概要

於聯營公司及合營企業的投資

聯營公司為本集團於其一般不少於20%股本投票權中擁有長期權益的實體，且可對其發揮重大影響力。重大影響力指的是參與投資對象的財務和經營決策的權力，但不是控制或共同控制該等決策的權力。

合營企業指一種合營安排，對安排擁有共同控制權的訂約方據此對合營企業的淨資產擁有權利。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存在。

本集團於聯營公司及合營企業的投資乃按本集團根據權益會計法應佔淨資產減任何減值虧損於綜合財務狀況表列賬。倘會計政策存在任何不一致，則會作出相應調整。本集團應佔聯營公司及合營企業收購後業績及其他全面收益計入綜合損益表。此外，倘於聯營公司或合營企業的權益直接確認變動，則本集團會於綜合權益變動表確認其應佔任何變動（倘適用）。本集團與其聯營公司或合營企業間交易的未變現收益及虧損將以本集團於聯營公司或合營企業的投資為限對銷，惟倘未變現虧損證明所轉讓資產減值則除外。收購聯營公司或合營企業所產生的商譽計入作本集團於聯營公司或合營企業投資的一部份。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures are included in the consolidated statement of profit or loss. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

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2.4 重大會計政策概要 (續)

於聯營公司及合營企業的投資 (續)

倘於聯營公司的投資變成於合營企業的投資或出現相反情況，則不會重新計量保留權益。反之，該投資繼續根據權益法入賬。在所有其他情況下，失去對聯營公司的重大影響力或對合營企業的共同控制權後，本集團按其公平值計量及確認任何剩餘投資。聯營公司或合營企業於失去重大影響力或共同控制權時的賬面值與剩餘投資及出售所得款項的公平值之間的任何差額乃於損益賬內確認。

業務合併及商譽

業務合併按收購法列賬。轉讓代價乃按收購日期的公平值計量，該公平值為本集團轉讓的資產於收購日期的公平值、本集團自被收購方的前度擁有人承擔的負債及本集團發行以換取被收購方控制權的股本權益的總和。就各項業務合併而言，本集團選擇以公平值或被收購方可識別淨資產的應佔比例，計算屬現時擁有權權益並賦予持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份乃按公平值計量。收購相關成本於產生時支銷。

本集團收購一項業務時會根據合約條款、收購日期之經濟狀況及有關條件評估取得的金融資產及承擔的金融負債，以進行適當分類及指定。這包括分離被收購方主合約中的嵌入式衍生工具。

倘業務合併分階段進行，先前持有的股本權益應按收購日期的公平值重新計算，產生的任何盈利或虧損在損益中確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

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2.4 重大會計政策概要 (續)

業務合併及商譽 (續)

收購方轉讓的任何或然代價將以收購日期的公平值確認。倘或然代價被分類為資產或負債，則按公平值計量，其公平值變動於損益確認。倘或然代價被分類為權益，則不再對其重新計量，後續的結算會計入權益中。

商譽初步按成本計量，即轉讓代價、確認為非控股權益的金額及本集團此前持有的被收購方股權的公平值之和超出本集團所收購可識別淨資產及所承擔負債的部份。倘該代價及其他項目之和低於所收購淨資產的公平值，有關差額在重估後於損益確認為議價收購收益。

初始確認後，商譽按成本減任何累計減值虧損計量。如有任何事件或情況變動表明賬面值可能減值，每年或更頻繁地對商譽進行減值測試。本集團每年於十二月三十一日對商譽進行減值測試。就減值測試而言，於業務合併時收購的商譽自收購日期起分配至預期將從合併協同效應受益之本集團各現金產生單位或現金產生單位組別，而不論本集團之其他資產或負債是否已被分配至該等單位或單位組別。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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2.4 重大會計政策概要 (續)

業務合併及商譽 (續)

減值乃通過評估商譽所屬的現金產生單位 (現金產生單位組別) 的可收回金額而釐定。倘現金產生單位 (現金產生單位組別) 的可收回金額低於賬面值，則確認減值虧損。就商譽所確認的減值虧損不會於其後期間撥回。

倘商譽被分配至某現金產生單位 (或現金產生單位組別)，而該單位內的部份業務被出售，與被出售業務有關的商譽將於釐定該出售的收益或虧損時計入該業務的賬面值。在此情況下被出售的商譽按被出售業務的相對價值及保留的現金產生單位部份計量。

公平值計量

本集團於各報告期末按公平值計量其投資物業、衍生金融工具及權益投資。公平值乃在市場參與者於計量日期進行的有序交易中出售資產所收取或轉移負債所支付的價格。公平值計量乃基於假設出售資產或轉移負債的交易於資產或負債的主要市場或於未有主要市場的情況下，則於資產或負債的最有利市場進行。主要或最有利市場須位於本集團能到達的地方。資產或負債的公平值乃基於市場參與者為資產或負債定價所用的假設計量 (假設市場參與者依照彼等的最佳經濟利益行事)。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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2.4 重大會計政策概要 (續)

公平值計量 (續)

非金融資產公平值的計量則參考市場參與者可從使用該資產得到的最高及最佳效用，或把該資產售予另一可從使用該資產得到最高及最佳效用的市場參與者所產生的經濟效益。

本集團使用適用於不同情況的估值方法，而其有足夠資料計量公平值，以盡量利用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

於財務報表中計量或披露公平值的所有資產及負債，均根據對公平值計量整體而言屬重大的最低級別輸入數據在下述公平值層級內進行分類：

第一層級 — 基於相同資產或負債於活躍市場的所報價格 (未經調整)

第二層級 — 基於對公平值計量而言屬重大的可觀察 (直接或間接) 最低級別輸入數據的估值方法

第三層級 — 基於對公平值計量而言屬重大的不可觀察最低級別輸入數據的估值方法

就於財務報表按經常性基準確認之資產及負債而言，本集團於各報告期末根據對於公平值計量整體有重大影響之最低輸入數據通過重新評估分類以確定各層級之間是否出現轉移。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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2.4 重大會計政策概要 (續)

非金融資產減值

倘存在任何減值跡象，或當須每年就資產進行減值檢測（存貨、遞延稅項資產、金融資產、投資物業及分類為持作出售的非流動資產／出售組別除外），則會估計資產的可收回數額。資產的可收回數額乃按資產或現金產生單位的使用價值或公平值減出售成本兩者的較高者計算，而個別資產須分開計算，除非資產並不產生明顯獨立於其他資產或資產組別的現金流入，於此情況下，則可收回數額按資產所屬現金產生單位的可收回數額計算。

僅在資產賬面值高於其可收回數額的情況下，方會確認減值虧損。評估使用價值時，估計日後現金流量按可反映幣值時間值及資產特定風險的現時市場評估的稅前貼現率貼現至現值。減值虧損按與該減值資產功能相符的開支類別於產生期間自損益中扣除。

本集團會在各報告期末評估是否有任何跡象顯示以前所確認的減值虧損已不在或可能減少。倘出現此等跡象，則會估計可收回金額。僅當用以確定資產（商譽除外）可收回金額的估計有變時，方會撥回先前確認的減值虧損，但撥回後的數額不得超過假設於過往年度並無就該項資產確認減值虧損而應釐定的賬面值（扣除任何折舊／攤銷）。除非資產以重估金額入賬，否則減值虧損撥回會計入產生期間的損益。在此情況下，減值虧損撥回根據重估資產的有關會計政策列賬。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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2.4 重大會計政策概要 (續)

關聯方

以下人士被視為本集團的關聯方，倘：

- (a) 有關方為一名人士或該人士的關係密切家庭成員，而該人士
 - (i) 擁有本集團的控制權或共同控制權；
 - (ii) 對本集團產生重大的影響力；或
 - (iii) 該人士為本集團或本集團母公司的主要管理人員的其中一名成員；

或

- (b) 該人士為實體且符合下列任何一項條件：
 - (i) 該實體與本集團屬同一集團的成員公司；
 - (ii) 一實體為另一實體（或另一實體的母公司、附屬公司或同系附屬公司）的聯營公司或合營企業；
 - (iii) 該實體與本集團為同一第三方的合營企業；
 - (iv) 一實體為一第三方的合營企業，而另一實體為該第三方的聯營公司；

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;

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2.4 重大會計政策概要 (續)

關聯方 (續)

(b) (續)

- (v) 該實體提供一個僱用後福利計劃予本集團或與本集團有關實體的僱員作為福利；
- (vi) 該實體為(a)所述人士控制或共同控制；
- (vii) 於(a)(i)所識別人士對實體有重大影響或屬該實體(或該實體母公司)主要管理人員的其中一名成員；及
- (viii) 向本集團或本集團的母公司提供主要管理人員的服務的實體或為其一部份的任何集團成員。

物業、廠房及設備與折舊

物業、廠房及設備(在建工程除外)乃按成本減累計折舊及任何減值虧損列賬。物業、廠房及設備的成本包括其購買價及任何令資產投入運作及將資產運往擬定用途地點的直接應計費用。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) (Continued)

- (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.

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.

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2.4 重大會計政策概要 (續)

物業、廠房及設備與折舊 (續)

於物業、廠房及設備投入運作後所引致的支出，如維修及保養費等，通常於其產生期間計入損益。倘達至確認標準，相關主要檢查費用可按撥充資本計入作為重置的資產賬面值。倘大部份物業、廠房及設備須不時重置，本集團確認該部份物業、廠房及設備為個別具有特定可使用年期及相應地對其作出折舊。

折舊乃以直線法按其估計可使用年期撇銷各項物業、廠房及設備的成本至其剩餘價值。主要的估計可使用年期及年度折舊率如下：

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives and the annual depreciation rates are as follows:

		估計 可使用年期 Estimated useful lives	年度 折舊率 Annual depreciation rates
樓宇	Buildings	20年 20 years	4.75% 4.75%
機動車	Motor vehicles	4-5年 4-5 years	19%至24% 19% to 24%
辦公設備及電子裝置	Office equipment and electronic devices	3-5年 3-5 years	19%至32% 19% to 32%
租賃物業裝修	Leasehold improvements	3-8年 3-8 years	12.5%至33% 12.5% to 33%

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2.4 重大會計政策概要 (續)

物業、廠房及設備與折舊 (續)

當一項物業、廠房及設備項目的各部份有不同可使用年期時，該項目的成本乃按合理基準在各部份之間分配，而各部份乃個別地折舊。剩餘價值、可使用年期及折舊方法至少於各財政年度末檢討，並作出調整（如適用）。

物業、廠房及設備的項目（包括最初經確認的任何重大部份）於出售或預期其使用或出售不會帶來任何未來經濟利益時終止確認。因出售或報廢而於該資產終止確認年度的損益內確認的任何盈虧乃有關資產出售淨收入與賬面值的差額。

在建工程乃指按成本減任何減值虧損列賬且未予折舊的在建樓宇。成本包括建造期內所產生的直接建造成本及與借貸資金有關的資本化借款成本。在建工程竣工及可予使用後重新分類至物業、廠房及設備的適當類別。

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 profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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2.4 重大會計政策概要 (續)

投資物業

投資物業為持有作賺取租金收入及／或資本增值，而非作生產或供應貨品或服務或作行政用途，亦非在日常業務運作過程中作出售的土地及樓宇權益（包括持作使用權資產的租賃物業（二零一八年：經營租賃下的租賃物業），而有關物業如非根據經營租賃租出，則符合投資物業的定義）。該等物業初始按成本（包括交易成本）計量。於初始確認後，投資物業按反映報告期末市況的公平值入賬。

投資物業公平值變動所產生的盈虧於產生年度歸入損益賬。

報廢或出售投資物業的任何盈虧於報廢或出售年度在損益賬確認。

由投資物業轉為自用物業或存貨時，該物業其後會計的認定成本為改變用途當日的公平值。如本集團的自用物業轉為投資物業，本集團直至改變用途當日前會根據「物業、廠房及設備與折舊」項下所述政策將自有物業入賬及／或根據「使用權資產」項下所述政策將持作使用權資產的物業入賬，而物業於當日的賬面值與公平值的任何差額則根據上文「物業、廠房及設備與折舊」項下所述政策列作重估。由存貨轉為投資物業時，該物業於當日的賬面值與先前的公平值的任何差額於損益中確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

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

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

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

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

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2.4 重大會計政策概要 (續)

開發中物業

開發中物業擬於竣工後持作出售。

開發中物業按成本與可變現淨值的較低者列賬，成本包括土地成本、建築成本、借款成本、專業費用及於開發期內與有關物業直接相關的其他成本。

除非開發中物業不能於正常營運週期內落成，否則相關開發中物業分類為流動資產。物業於竣工後轉至持作出售已竣工物業。

持作出售已竣工物業

持作出售已竣工物業按成本與可變現淨值兩者的較低者於財務狀況表列賬。成本按未售物業應佔土地及樓宇成本總額的分攤比例釐定，可變現淨值按預期最終將變現的價格減出售物業產生的估計成本計算。

分配物業開發成本

土地成本根據各單位的可售建築面積（「建築面積」）佔可售總建築面積的比例分配至各單位。單位相關建築成本按個別情況識別及分配。一般建築成本按與土地成本相若的方式根據可售建築面積分配。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties under development

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

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

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

Completed properties held for sale

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

Allocation of property development costs

Land costs are allocated to each unit according to their respective saleable gross floor area ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

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2.4 重大會計政策概要 (續)

無形資產 (商譽除外)

單獨取得的無形資產於初始確認時按成本計量。通過業務合併取得的無形資產的成本為收購日期的公平值。無形資產的可使用年期評估為有限期或無限期。有限年期的無形資產隨後按可使用經濟年期攤銷，並於有跡象顯示無形資產可能出現減值時評估減值。有限可使用年期的無形資產的攤銷期及攤銷方法至少於每個財政年度末檢討一次。

軟件以成本減任何減值虧損列賬，且以直線法按其估計可使用年期2至5年攤銷。

租賃 (自二零一九年一月一日起應用)

本集團於合約開始時評估合約是否為或包含租賃。倘合約為換取代價而給予在一段時間內控制已識別資產使用的權利，則該合約分類為或包含租賃。

本集團作為承租人

本集團對所有租賃 (惟短期租賃及低價值資產租賃除外) 採取單一確認及計量方法。本集團確認租賃負債以作出租賃付款，而使用權資產指使用相關資產的權利。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful lives of 2 to 5 years.

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.

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2.4 重大會計政策概要 (續)

租賃 (自二零一九年一月一日起應用) (續)

本集團作為承租人 (續)

(a) 使用權資產

本集團於租賃開始日期 (即相關資產可供使用當日) 確認使用權資產。使用權資產按成本減任何累計折舊及減值虧損計量, 並就任何重新計量租賃負債作出調整。當使用權資產與作為存貨持有的租賃土地的權益相關時, 該等資產其後根據本集團的「開發中物業」及「持作出售已竣工物業」政策按成本與可變現淨值的較低者計量。使用權資產成本包括已確認租賃負債的款額、已產生初始直接成本及於開始日期或之前作出的租賃付款減任何已收租賃獎勵。使用權資產於資產的租期及估計可使用年期 (以較短者為準) 內按直線法折舊如下:

土地使用權	40年
Land use rights	40 years
辦公樓宇	3至10年
Office buildings	3 to 10 years

倘租賃資產的所有權於租期結束時轉讓予本集團或成本反映購買選擇權的行使, 則使用資產的估計可使用年期計算折舊。

當使用權資產與作為存貨持有的租賃土地的權益相關時, 該等資產其後根據本集團的「開發中物業」或「持作出售已竣工物業」政策按成本與可變現淨值的較低者計量。當使用權資產符合投資物業的界定時, 將其計入投資物業。相應的使用權資產初步根據本集團的「投資物業」政策按成本計量, 其後按公平值計量。

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. 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 policies for "properties under development" and "completed properties held for sale". 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:

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties under development" or "completed properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

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2.4 重大會計政策概要 (續)

租賃 (自二零一九年一月一日起應用) (續)

本集團作為承租人 (續)

(b) 租賃負債

租賃負債於租賃開始日期按租期內支付的租賃款項之現值予以確認。租賃款項包括固定款項 (包括實質固定款項)，減任何應收租賃優惠、基於指數或利率的可變租賃款項及剩餘價值擔保下的預期應付款項。租賃款項亦包括本集團合理確定將予行使的購買選擇權的行使價及倘在租期內反映本集團正行使終止租賃選擇權時，就終止租賃支付的罰款。不取決於指數或利率的可變租賃款項在出現觸發付款的事件或情況的期間內確認為開支。

於計算租賃付款的現值時，倘租賃內所隱含的利率不易釐定，則本集團於租賃開始日期應用增量借款利率計算。於開始日期後，租賃負債金額的增加反映利息的增加，其減少則為租賃付款所致。此外，如有修改、租期變化、租賃款項變動 (例如日後因指數或利率變動出現租賃款項變動) 或購買相關資產的選擇權評估變更，租賃負債的賬面值將重新計量。

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.

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2.4 重大會計政策概要 (續)

租賃 (自二零一九年一月一日起應用) (續)

本集團作為承租人 (續)

(c) 短期租賃及低價值資產租賃

本集團將短期租賃確認豁免應用於辦公設備的短期租賃 (即自租賃開始日期起計租期為十二個月或以下，並且不包含購買選擇權的租賃)。低價值資產租賃的確認豁免亦應用於被認為低價值的辦公設備及筆記本電腦租賃。

本集團就低價值資產訂立租賃時將釐定是否按逐項租賃基準將租賃資本化，短期租賃的租賃付款及低價值資產租賃在租期內按直線法確認為支出。

本集團作為出租人

本集團作為出租人時，其於租賃開始時 (或租賃變更時) 將各租賃分類為經營租賃或融資租賃。

本集團並未轉讓資產所有權所附帶的絕大部份風險及回報的租賃歸類為經營租賃。當合約包含租賃及非租賃部份時，本集團按相對獨立的銷售價格基準將合約代價分配至各部份。租金收入於租期內按直線法列賬，且因其經營性質將其計入損益表之收益。於磋商及安排經營租賃時產生的初始直接成本乃添加至租賃資產的眼面值，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。

將相關資產所有權所附帶的絕大部份風險及回報轉讓予承租人的租賃按融資租賃列賬。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessee (Continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

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2.4 重大會計政策概要 (續)

租賃 (自二零一九年一月一日起應用) (續)

本集團作為出租人 (續)

融資租賃乃指資產所有權的絕大部份回報及風險 (法定業權除外) 轉移至本集團的租賃。於融資租賃開始時，租賃資產的成本值乃按最低租賃款項的現值撥充資本及與債務一同記錄 (利息除外)，以反映是項購置及融資。資本化融資租賃下的資產 (包括融資租賃下預付土地租賃款項) 乃計入物業、廠房及設備，就租期及資產估計可使用年期兩者的較短者折舊。該等租賃的融資成本乃就租期長短自損益表扣除，以得出不變的週期收費率。

以融資性質租購合約購入的資產乃列作融資租賃，惟會就其估計可使用年期折舊。

經營租賃乃指資產所有權的絕大部份回報及風險歸由出租人承擔的租賃。如本集團為出租人，本集團按經營租賃出租的資產包括在非流動資產中，而經營租賃項下的應收租金於租期內以直線法計入損益。如本集團為承租人，經營租賃項下的應付租金經扣除從出租人收取的任何優惠後乃於租期內以直線法自損益內扣除。

經營租賃項下的預付土地租賃款項首次乃按成本列賬，而隨後則按租期以直線法確認。

倘租賃款項未能在土地及樓宇項目之間可靠地分配，則租賃款項全數入賬為土地及樓宇成本，作為物業、廠房及設備項下之融資租賃。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (applicable from 1 January 2019) (Continued)

Group as a lessor (Continued)

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

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.

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2.4 重大會計政策概要 (續)

投資及其他金融資產

初始確認及計量

金融資產於初始確認時分類，隨後以攤銷成本、按公平值計入其他全面收益及按公平值計入損益計量。

於初始確認時，金融資產分類取決於金融資產的合約現金流量特徵及本集團管理該等金融資產的業務模式。除並無重大融資成份或本集團已應用可行權宜方法而毋須就重大融資成份的影響作出調整的貿易應收款項外，本集團初步按公平值加上（倘金融資產並非按公平值計入損益）交易成本計量金融資產。並無重大融資成份或本集團已應用可行權宜方法的貿易應收款項根據下文「收益確認」所載政策按國際財務報告準則第15號釐定的交易價格計量。

為使金融資產按攤銷成本或按公平值計入其他全面收益進行分類及計量，需產生純粹為支付本金及未償還本金利息（「純粹為支付本金及利息」）的現金流量。現金流量並非純粹為支付本金及利息的金融資產，不論其業務模式如何，均按公平值計入損益分類及計量。

本集團管理金融資產的業務模式指其如何管理其金融資產以產生現金流量。業務模式確定現金流量是否來自收集合約現金流量、出售金融資產或兩者兼有。按攤銷成本分類及計量的金融資產於持有金融資產以收取合約現金流量的業務模式內持有，而按公平值計入其他全面收益分類及計量的金融資產於持有金融資產以收取合約現金流量及銷售的業務模式內持有。並未於上述業務模式內持有的金融資產按公平值計入損益分類及計量。

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 subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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.

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2.4 重大會計政策概要 (續)

投資及其他金融資產 (續)

初始確認及計量 (續)

所有定期金融資產購買及出售於交易日 (即本集團承諾購買或出售資產的日期) 確認。定期購買或出售乃須於市場規則或慣例所一般設定的期間內交付資產的金融資產購買或出售。

後續計量

不同類別金融資產的後續計量方法如下：

按攤銷成本計量的金融資產 (債務工具)

按攤銷成本計量的金融資產其後採用實際利率法計量，並可能受減值影響。當資產終止確認、修改或減值時，收益及虧損於損益表中確認。

按公平值計入損益的金融資產

按公平值計入損益的金融資產按公平值於財務狀況表列賬，而公平值變動淨額於損益表中確認。

終止確認金融資產

倘出現以下情況，金融資產 (或 (倘適用) 部份金融資產或一組類似金融資產的一部份) 主要會終止確認 (即從本集團綜合財務狀況表中剔除)：

- 從資產收取現金流量的權利已到期；或
- 本集團已根據「轉手」安排轉讓從資產收取現金流量的權利，或已承擔向第三方無重大延誤全額支付所收現金流量的責任；及(a)本集團已轉讓資產的絕大部份風險及回報，或(b)本集團雖未轉讓或保留資產的絕大部份風險及回報，但已轉讓資產的控制權。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (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 purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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.

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2.4 重大會計政策概要 (續)

終止確認金融資產 (續)

倘本集團已轉讓從資產收取現金流量的權利或訂立轉手安排，則評估有否保留資產所有權的風險及回報及保留的程度。倘本集團並無轉讓或保留資產的絕大部份風險及回報，亦無轉讓資產控制權，則本集團將就本集團持續參與有關資產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基於本集團所保留權利及責任的基準計量。

以擔保形式對已轉撥資產的持續參與，按資產原賬面值與本集團可能須償還最高代價兩者的較低者計量。

金融資產減值

本集團就並非按公平值計入損益持有的所有債務工具確認預期信貸虧損（「預期信貸虧損」）撥備。預期信貸虧損乃基於根據合約到期的合約現金流量與本集團預期收取並按原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。

一般法

預期信貸虧損分兩個階段確認。就初始確認以來信用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虧損（12個月預期信貸虧損）計提預期信貸虧損撥備。就初始確認以來信用風險大幅增加的信貸敞口而言，須就預期於敞口的餘下年期產生的信貸虧損計提虧損撥備，不論違約的時間（全期預期信貸虧損）。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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2.4 重大會計政策概要 (續)

金融資產減值 (續)

一般法 (續)

於各報告日期，本集團評估自初始確認以來金融工具的信用風險是否大幅增加。進行評估時，本集團比較金融工具在報告日期發生違約的風險及在金融工具的初始確認的日期發生違約的風險，同時考慮毋須付出過多的成本或努力即可獲得的合理及可支持的資料，包括歷史及前瞻性資料。

當合約付款逾期90天時，本集團將金融資產視為違約。然而，在某些情況下，當內部或外部資料表明本集團不太可能在考慮到本集團所持有的任何信貸升級措施之前全額收到未付合約款項時，本集團也可將一項金融資產視為違約。金融資產在合理預期無法收回合約現金流的情況下被撤銷。

按攤銷成本計量的金融資產乃根據一般法減值，且其於以下階段就預期信貸虧損計量予以分類，惟應用下文所述簡易法的貿易應收款項除外。

第一階段 – 信用風險自初始確認以來並無大幅增加且其虧損撥備按等於12個月預期信貸虧損的數額計量的金融工具

第二階段 – 信用風險自初始確認以來大幅增加但並非信貸減值金融資產且其虧損撥備按等於全期預期信貸虧損的數額計量的金融工具

第三階段 – 於報告日期出現信貸減值(但並非購入或源生信貸減值)且其虧損撥備按等於全期預期信貸虧損的數額計量的金融資產

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

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2.4 重大會計政策概要 (續)

金融資產減值 (續)

簡易法

就並不包含重大融資部份的貿易應收款項而言，或當本集團應用不調整重大融資部份影響的可行權宜方法時，本集團於計算預期信貸虧損時應用簡易法。根據簡易法，本集團並無追蹤信用風險的變化，但於各報告日期根據全期預期信貸虧損確認虧損撥備。本集團對基於過往信貸虧損經驗的預期虧損率進行評估，並就債務人及經濟環境的特定前瞻性因素作出調整。

就包含重大融資部份的貿易應收款項及應收租賃款項而言，本集團選擇採用簡易法與上述政策計算預期信貸虧損作為其會計政策。

金融負債

初始確認及計量

金融負債於初始確認時被分類為按公平值計入損益的金融負債、貸款及借款、應付款項或被指定為一項有效對沖的對沖工具的衍生工具（如適用）。

所有金融負債初步按公平值確認及倘為貸款及借款以及應付款項，則應減去直接應佔交易成本。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has evaluated expected loss rate that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

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

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

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2.4 重大會計政策概要 (續)

金融負債 (續)

初始確認及計量 (續)

本集團的金融負債包括貿易及其他應付款項、應付相關公司款項、衍生金融工具以及計息銀行及其他借款。

後續計量

不同類別金融負債的後續計量方法如下：

按攤銷成本計量的金融負債 (貸款及借款)

於初始確認後，計息貸款及借款隨後以實際利率法按攤銷成本計量，除非貼現影響為微不足道，在該情況下則按成本列賬。當負債終止確認以及按實際利率法進行攤銷程序時，其損益在損益內確認。

攤銷成本於計及收購事項任何折讓或溢價及屬實際利率不可或缺一部份的費用或成本後計算。實際利率攤銷計入損益的融資成本內。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Initial recognition and measurement (Continued)

The Group's financial liabilities include trade and other payables, amounts due to the related companies, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

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2.4 重大會計政策概要 (續)

金融負債 (續)

後續計量 (續)

財務擔保合約

本集團發出的財務擔保合約指特定債務人於債務到期時不能按照債務工具條款償付時，要求本集團向蒙受損失的持有人賠付款額的合約。財務擔保合約按其公平值初步確認為負債，並就作出擔保直接應佔的交易成本進行調整。於初步確認後，本集團按以下兩者間的較高者計量財務擔保合約：(i)按照「金融資產減值」載列的政策釐定的預期信貸虧損撥備；及(ii)初步確認的金額減(如適用)確認的累計收入金額。

公司債券

本公司發行含有負債及提早贖回權(與主合約並無密切關連)的公司債券在初始確認時分作不同類別。於發行日期，負債及提早贖回權部份均按公平值確認。在其後期間，公司債券的負債部份使用實際利率法按攤銷成本列賬。提早贖回權按公平值計量，其公平值變化在損益中確認。與發行公司債券有關的交易成本按有關公平值的比例分配予負債及提早贖回權部份。與提早贖回權有關的交易成本即時於損益扣除。與負債部份有關的交易成本計入負債部份的眼面值，並使用實際利率法在公司債券期內攤銷。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Corporate bonds

Corporate bonds issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value. In subsequent periods, the liability component of the corporate bonds are carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss. Transaction costs that relate to the issue of the corporate bonds are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the periods of the corporate bonds using the effective interest method.

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2.4 重大會計政策概要 (續)

金融負債 (續)

後續計量 (續)

優先票據

本公司發行含有負債及提早贖回權 (與主合約並無密切關連) 的優先票據在初始確認時分作不同類別。於發行日期, 負債及提早贖回權部份均按公平值確認。

在其後期間, 優先票據的負債部份使用實際利率法按攤銷成本列賬。提早贖回選擇權按公平值計量, 其公平值變化計入損益。

與發行優先票據有關的交易成本按有關公平值的比例分配予負債及提早贖回選擇權部份。與提早贖回選擇權有關的交易成本即時計入損益, 與負債部份有關的交易成本計入負債部份的賬面值, 並使用實際利率法在優先票據期內攤銷。

金融負債終止確認

當金融負債的責任已履行、取消或屆滿時, 金融負債會被終止確認。

當現時金融負債被另一項由同一貸款人借出, 而條款有重大不同的金融負債所取代, 或當現時負債的條款被重大修訂, 該取代或修訂被視為對原有負債的終止確認及對新負債的確認, 而各自賬面值的差額於損益確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

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2.4 重大會計政策概要 (續)

抵銷金融工具

倘有現行可予執行的法律權利以抵銷確認金額及有意按淨額基準償付，或變現資產與清還負債同時進行，則抵銷金融資產及金融負債及於財務狀況表內呈報淨金額。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款以及可即時兌換為已知金額現金、所涉價值變動風險不高而一般自取得起計三個月內到期的短期高流動性投資，減須按要求償還的銀行透支，並構成本集團現金管理主要部份。

就綜合財務狀況表而言，現金及現金等價物包括手頭現金及用途不受限制的銀行存款（包括定期存款以及性質與現金類似的資產）。

撥備

倘因過往事件導致現時承擔責任（法定或推定責任），且日後可能須流失資源以履行責任，並能可靠估計責任的數額，則確認撥備。

倘貼現影響重大，則確認撥備的金額為預期履行責任所需未來開支於報告期末的現值。貼現現值隨時間增加的金額計入損益表中的融資成本。

本集團就銷售若干工業產品相關的擔保及為保修期內所發生缺陷的一般維修提供建設服務計提撥備。就本集團授出的該等保證型擔保計提的撥備乃根據銷量及對維修及退貨比例的過往經驗予以確認，並在適當時貼現至其現值。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

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2.4 重大會計政策概要 (續)

所得稅

所得稅包括即期及遞延稅項。與於損益以外確認項目相關的所得稅於損益以外的其他全面收益確認或直接於權益確認。

即期稅項資產及負債，乃按預期自稅務當局退回或付予稅務當局的金額，根據於報告期末已實施或實際上已實施的稅率（及稅法），以及考慮本集團經營所在國家當時的詮釋及慣例計量。

遞延稅項採用負債法就於報告期末資產及負債的稅基與兩者用作財務報告的賬面值之間的所有暫時差額計提撥備。

遞延稅項負債乃就所有應課稅暫時差額而確認，惟下列情況除外：

- 遞延稅項負債乃因在一項並非業務合併的交易中初次確認商譽、資產或負債而產生，且於交易時並不影響會計利潤或應課稅溢利或虧損；及
- 就與於附屬公司、合營企業及聯營公司的投資有關的應課稅暫時差額而言，暫時差額的撥回時間為可控制，且該等暫時差額於可見將來可能不會撥回。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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2.4 重大會計政策概要 (續)

所得稅 (續)

遞延稅項資產乃就所有可扣稅暫時差額、未動用稅項抵免和任何未動用稅項虧損的結轉而確認。遞延稅項資產的確認以將可能有應課稅溢利以動用可扣稅暫時差額、未動用稅項抵免和未動用稅項虧損的結轉作對銷為限，惟下列情況除外：

- 與可扣稅暫時差額有關的遞延稅項資產乃因在一項並非業務合併的交易中初次確認資產或負債而產生，且於交易時並不影響會計利潤及應課稅溢利或虧損；及
- 就與於附屬公司、合營企業及聯營公司的投資有關的可扣稅暫時差額而言，遞延稅項資產僅於暫時差額於可見將來有可能撥回以及將有應課稅溢利以動用暫時差額作對銷的情況下，方予確認。

於各報告期末審閱遞延稅項資產的眼面值，並於不再可能有足夠應課稅溢利以動用全部或部份遞延稅項資產時，相應扣減該眼面值。未被確認的遞延稅項資產會於各報告期末重新評估，並在可能有足夠應課稅溢利以收回全部或部份遞延稅項資產時予以確認。

遞延稅項資產及負債乃按預期適用於變現資產或清還負債期間的稅率，根據於報告期末已實施或實際上已實施的稅率（及稅法）計算。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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2.4 重大會計政策概要 (續)

所得稅 (續)

當且僅當本集團具法定執行權抵銷即期稅項資產與即期稅項負債，且遞延稅項資產及遞延稅項負債有關被同一稅務機關對同一應課稅企業或不同應課稅企業徵收所得稅，而該等企業於各預期將有龐大遞延稅項負債或資產償還或收回之未來期間按淨額基準償還即期稅項負債及資產，或同時變現資產及清償負債，遞延稅項資產可與遞延稅項負債對銷。

政府補助

倘能合理確定將會收取有關補助且符合補助附帶的所有條件，則政府補助將按公平值予以確認。倘補助與開支項目有關，即於所擬補償的成本的支銷期間內系統地確認為收入。

倘補助與資產有關，公平值將計入遞延收入賬戶，並於有關資產的預期可使用年期內，以等額年金調撥至損益或從資產賬面值中扣減並以經扣減折舊開支調撥至損益。

收益確認

收益按於本集團日常業務過程中所提供之銷售物業及服務已收或應收代價之公平值計量。收益在扣除稅項後列賬。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

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

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2.4 重大會計政策概要 (續)

收益確認 (續)

銷售物業

收益於資產控制權轉移至買方時確認。資產控制權可於一段時間內或於某一時點轉移，取決於合約之條款與適用於合約之法律。倘本集團在履約過程中滿足下列條件，資產控制權於一段時間內發生轉移

- 買方同時收到且消耗由本集團履約所帶來之利益；或
- 於本集團履約時創建及增強由買方控制之資產；或
- 並無產生對本集團有替代用途之資產，且本集團就累計至今已完履約部份擁有可強制執行之付款權利。

倘資產控制權於一段時間內轉移，收益於合約期間內參照已完成履約責任之進度予以確認。否則，收益於買方獲得資產控制權之某一時點確認。

完成履約責任之進度乃基於最能描述本集團完成履約責任表現之本集團為完成履約責任所作之付出或投入計量。

於釐定交易價格時，倘融資部份屬重大，則本集團就融資部份的影響而調整已承諾之代價金額。

對於在某時點轉移物業控制權的房地產開發及銷售合約，收益於買方獲得實物所有權或已竣工物業的法定所有權且本集團現時已有權收取付款並很可能收回代價時確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Sales of properties

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

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

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the completed property and the Group has a present right to payment and the collection of the consideration is probable.

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2.4 重大會計政策概要 (續)

收益確認 (續)

物業管理服務收入

來自提供物業維護及管理服務的物業管理服務收入於提供相關服務及客戶同時取得及消耗實體履約所提供之利益時確認。

來自其他來源的收益

租金收益於租期間按時間比例基準確認。並不取決於指數或利率的可變租賃款項於產生的會計期間確認為收入。

其他收入

利息收入按應計基準以實際利率法透過採用將金融工具的估計未來所收現金在預計可使用年內貼現至金融資產賬面值淨值的利率予以確認。

股息收入於股東收取付款的權利確立、與股息相關的經濟收益可能將流入本集團及股息金額能可靠計量時確認。

合約負債

於本集團轉讓相關貨品或服務前從客戶處收取付款或付款到期（以較早者為準）時確認合約負債。合約負債於本集團履行合約（即將相關貨品或服務的控制權轉讓予客戶）時確認為收益。

僱員福利

本集團於中國內地營運的附屬公司的僱員須參加當地市政府實施的中央養老金計劃。該等附屬公司須就僱員該等薪金按若干百分比向中央養老金計劃供款。該等供款於根據中央養老金計劃的規則成為應付款項時自損益扣除。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Property management service income

Property management service income derived from the provision of property maintenance and management services is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

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

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of these payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

財務報表附註

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2.4 重大會計政策概要 (續)

借款成本

直接用於購買、興建或生產合資格資產 (即需待相當時間方可達致其擬定用途或出售的資產) 的借款成本一律撥充作為該等資產的部份成本。一旦資產大致可供擬定用途或出售，則有關借款成本不再撥充資本。特定借款於用作合資格資產開支前的臨時投資所賺取的投資收入於已資本化的借款成本中扣減。所有其他借款成本均於產生期間支銷。借款成本包括實體就借用資金產生的利息及其他成本。

股息

末期股息於股東大會上獲股東批准時確認為負債。擬派末期股息於財務報表附註披露。

由於本公司組織章程大綱及細則授予董事宣派中期股息的權利，故中期股息乃由董事同時擬派及宣派。因此，中期股息於擬派及宣派時即時確認為負債。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

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2.4 重大會計政策概要 (續)

外幣

該等財務報表乃以本集團的呈列貨幣人民幣呈列。本公司的功能貨幣為港元，而人民幣用作本公司財務報表的呈列貨幣，以與本集團的呈列貨幣保持一致。本集團旗下各實體確定其自身的功能貨幣，且各實體財務報表中所包含的項目均使用該功能貨幣計量。本集團旗下實體錄得的外幣交易首次按交易日期通行的相關功能貨幣適用匯率列賬。以外幣計值的貨幣資產及負債按報告期末功能貨幣的適用匯率換算。因結算或換算貨幣項目而產生的匯兌差額在損益確認。

以外幣為單位而按歷史成本入賬的非貨幣項目按首次交易日的匯率換算。以外幣為單位而按公平值計量的非貨幣項目按計量公平值當日的匯率換算。換算按公平值計量的非貨幣項目產生的收益或虧損按與確認項目公平值變動的收益或虧損一致的方式處理（即公平值收益或虧損於其他全面收益或損益中確認的項目的匯兌差額亦分別於其他全面收益或損益中確認）。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is the Hong Kong dollar while RMB is used as the presentation currency of the financial statements of the Company for the purpose of aligning with the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in 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).

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2.4 重大會計政策概要 (續)

外幣 (續)

於釐定終止確認預付代價有關之非貨幣資產或非貨幣負債之初始確認相關資產、開支或收入的匯率時，初始交易日期為本集團初始確認預付代價產生之非貨幣資產或非貨幣負債的日期。倘支付或收取多筆預付款項，本集團於支付或收取每一筆預付代價時確定交易日。

若干海外附屬公司的功能貨幣為人民幣以外的貨幣。於報告期末，該等實體的資產及負債按報告期末當時的匯率換算為人民幣，而其損益表按年度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確認並於匯兌波動儲備累計。出售外國業務時，與該項外國業務有關的其他全面收益的組成部份，會在損益確認。

因收購外國業務而產生的任何商譽及對資產與負債賬面值的公平值調整作為外國業務之資產及負債處理，並按收市匯率換算。

永續資本證券

並無訂約責任償還其本金額或支付任何分派的永續資本證券乃分類為權益的一部份。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries 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 profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Perpetual capital securities

Perpetual capital securities with no contracted obligation to repay their principal or to pay any distribution are classified as part of equity.

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3. 重大會計判斷及估計

編製本集團的財務報表時，管理層須作出會影響所呈報收益、開支、資產與負債的報告金額及其披露以及或然負債披露的判斷、估計及假設。有關該等假設及估計的不明朗因素可能導致可能須對日後受到影響的資產與負債的賬面值作出重大調整。

判斷

在應用本集團的會計政策時，除涉及估計的判斷外，管理層亦作出下列判斷，其對財務報表的已確認金額影響至為重大：

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業物業租賃。根據對有關安排條款及條件之評估，如租期不構成商用物業之經濟壽命的主要部份且最低租賃款項現值不等於商用物業之絕大部份公平值，本集團已釐定其保留該等已出租物業所有權附帶的絕大部份風險及回報，並將有關合約以經營租賃入賬。

釐定有重續選擇權合約的租期時所用重大判斷

本集團擁有多個包含延期及終止選擇權的租賃合約。本集團於評估是否行使重續或終止租賃選擇權時運用判斷。本集團將考慮所有會對行使重續或終止選擇權構成經濟激勵的相關因素。於開始日期後，如在本集團控制範圍內有影響其行使或不行使重續或終止選擇權的重大事件或情況變動（例如重大租賃物業裝修或重大租賃資產定制），本集團會重新評估租期。

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:

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.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

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3. 重大會計判斷及估計 (續)

判斷 (續)

投資物業及自用物業的分類

本集團會釐定物業是否為投資物業，並已建立作出判斷的準則。投資物業為持有以賺取租金或資本增值或兩者兼有的物業。因此，本集團會考慮物業是否可主要地獨立於本集團所持有的其他資產而產生現金流量。部份物業被持作賺取租金或資本增值用途，另一部份則被持作生產、貨物及服務供應或行政用途。倘若此等部份可分別出售或根據融資租賃分別出租，則本集團就將此等部份分別列賬。倘若該等部份無法分別出售，則只能於不重要部份作生產、貨物及服務供應或行政用途時，該物業方列為投資物業。按個別物業判斷以決定配套服務之重大程度是否足以使物業不再列為投資物業。

投資物業及持作出售已竣工物業的分類

本集團開發持作出售物業及持作賺取租金及／或資本增值的物業。管理層就釐定物業是否指定為投資物業或持作出售物業作出判斷。本集團於相關物業初期發展階段考慮其持有物業的意向。於建造過程中，倘物業擬於竣工後出售，則相關在建物業入賬列作在建物業，計入流動資產，然而，倘物業擬持作賺取租金及／或資本增值，則物業入賬列作在建投資物業，計入投資物業。於物業竣工後，持作出售物業轉撥至持作出售已竣工物業，並按成本列賬，而持作賺取租金及／或資本增值的物業轉撥至已竣工投資物業。在建及已竣工投資物業須於各報告期末進行重估。

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 completed properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

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3. 重大會計判斷及估計 (續)

估計不明朗因素

下文闡述有關未來的主要假設及於報告期末估計不明朗因素的其他主要來源，其具有導致對下個財政年度的資產與負債賬面金額作出重大調整的重大風險。

貿易應收款項及預付款項、其他應收款項及其他資產之預期信貸虧損撥備

本集團使用撥備矩陣計算貿易應收款項及預付款項、其他應收款項及其他資產之預期信貸虧損。撥備率乃基於擁有類似虧損模式（即地區、產品類別、客戶類別及評級以及信用證及其他信貸保險形式的保障範圍）的多個客戶分部組別的逾期日數釐定。

預期虧損率最初基於本集團的歷史觀察違約率。本集團將通過調整矩陣以調整歷史信貸虧損經驗與前瞻性資料。例如，倘預測經濟狀況（如國內生產總值）預期將於未來一年內惡化，這可能導致物業行業違約數量增加，歷史違約率將得到調整。歷史觀察違約率於各報告日期進行更新，並對前瞻性估計的變動進行分析。

對歷史觀察違約率、預測經濟狀況及預期信貸虧損之間相關性的評估是一項重要的估計。預期信貸虧損之金額與環境及預測經濟狀況的變動敏感。本集團的歷史信貸虧損經驗及經濟狀況預測亦可能無法代表未來客戶的實際違約。有關本集團貿易應收款項及預付款項、其他應收款項及其他資產預期信貸虧損的資料分別於財務報表附註24及附註25披露。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables and prepayments, other receivables and other assets

The Group uses a provision matrix to calculate ECLs for trade receivables and prepayments, other receivables and other assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The expected loss rate is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the properties sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and prepayments, other receivables and other assets is disclosed in note 24 and note 25 to the financial statements, respectively.

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3. 重大會計判斷及估計 (續)

估計不明朗因素 (續)

開發中物業及持作出售已竣工物業的撥備

本集團的開發中物業及持作出售已竣工物業以成本與可變現淨值的較低者入賬。本集團根據以往的經驗及所涉物業的性質估計開發中物業的售價與竣工成本，以及根據當前市況估計銷售物業將產生的費用。

倘竣工成本增加而銷售淨值降低，則可變現淨值會減少，可能導致須就開發中物業及持作出售已竣工物業作出撥備。作出相關撥備時須運用判斷及估計。倘預期有別於原先估計，則會於變更估計期間相應調整物業賬面值及撥備。

租賃 – 估算增量借款利率

本集團無法輕易釐定租賃內所隱含的利率，因此，使用增量借款利率（「增量借款利率」）計量租賃負債。增量借款利率為本集團於類似經濟環境中為取得與使用權資產價值相近的資產，而以類似抵押品與類似期限借入所需資金應支付的利率。因此，增量借款利率反映了本集團「應支付」的利率，當無可觀察的利率時（如就並無訂立融資交易之附屬公司而言）或當須對利率進行調整以反映租賃的條款及條件時（如當租賃並非以附屬公司的功能貨幣訂立時），則須作出利率估計。當可觀察輸入數據（如市場利率）可用時，本集團使用可觀察輸入數據估算增量借款利率並須作出若干實體特定的估計（如附屬公司獨立的信用評級）。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Provision for properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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3. 重大會計判斷及估計 (續)

估計不明朗因素 (續)

中國企業所得稅 (「企業所得稅」)

本集團須繳納中國企業所得稅。由於地方稅務局尚未確認有關所得稅的若干事宜，故釐定所得稅撥備時須根據目前已頒佈的稅法、法規及其他相關政策作出客觀估計及判斷。倘該等事項的最終稅款數額有別於原已記錄的數額，則差額會影響差額變現期間的所得稅及稅項撥備。

中國土地增值稅 (「土地增值稅」)

本集團須繳納中國土地增值稅。土地增值稅撥備根據管理層對中國相關稅務法律及法規所載規定的理解所作最佳估計計提。實際的土地增值稅負債須待物業發展項目竣工後由稅務機關釐定。本集團尚未就其全部物業發展項目與稅務機關最終確定土地增值稅的計算及付款。最終結果可能與初步入賬的金額不同，差額會影響差額變現期間的土地增值稅開支及相關撥備。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

PRC corporate income tax (“CIT”)

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax (“LAT”)

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for all its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

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3. 重大會計判斷及估計 (續)

估計不明朗因素 (續)

投資物業公平值估計

若無類似物業在活躍市場的現價，本集團將考慮來自多種來源之資料，其中包括：

- (a) 不同性質、狀況或地點之物業於活躍市場之現有價格（經調整以反映各項差異）；
- (b) 活躍程度稍遜之市場所提供同類物業近期價格（經調整以反映自按該等價格進行交易當日以來經濟狀況之任何變動）；及
- (c) 根據未來現金流量所作可靠估計預測之經貼現現金流量，此項預測以任何現有租賃及其他合約之條款以及（在可行情況下）外來證據（如地點及狀況相同之類似物業現有市場租值）為憑證，並採用可反映有關現金流量金額及時間不明朗因素當時市場評估之貼現率。

於二零一九年十二月三十一日，投資物業之賬面值為人民幣9,377,800,000元（二零一八年：人民幣8,461,900,000元）。進一步詳情（包括用作公平值計量之主要假設）載於財務報表附註14。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

At 31 December 2019, the carrying amount of investment properties was RMB9,377,800,000 (2018: RMB8,461,900,000). Further details, including the key assumptions used for fair value measurement, are given in note 14 to the financial statements.

財務報表附註

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3. 重大會計判斷及估計 (續)

估計不明朗因素 (續)

非金融資產(商譽除外)減值

本集團於各報告期末評估所有非金融資產(包括使用權資產)有否任何減值跡象。具無限年期之無形資產每年及於存在減值跡象時進行減值測試。其他非金融資產在有跡象顯示賬面值可能無法收回時進行減值測試。倘資產的賬面值或現金產生單位超逾其可收回金額(即公平值減出售成本與使用價值的較高者)，則視為已減值。公平值減出售成本按自同類資產公平交易中具約束力的銷售交易的可得數據或可觀察市價減出售資產的增量成本計算。倘採用使用價值計算，則管理層須估計資產或現金產生單位的預計未來現金流量，選取合適的貼現率以計算該等現金流量的現值。

遞延稅項資產

倘可能具有應課稅溢利抵銷可動用的虧損，未動用稅務虧損被確認為遞延稅項資產。這需要管理層運用大量的判斷來估計未來應課稅溢利發生的時間及金額，連同未來稅務計劃策略，以決定應確認的遞延稅項資產的金額。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

財務報表附註

Notes to Financial Statements

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4. 經營分部資料

管理層按項目位置監控本集團業務（包括房地產開發及租賃及商業物業管理）的經營業績，以對資源分配及表現評估作出決策，且任一單一位置的收入、溢利淨額或總資產分別不會超過本集團綜合收入、溢利淨額或總資產的10%。由於所有位置具備類似經濟特徵，而該等位置的房地產開發及租賃與管理的性質、上述業務流程的性質、上述業務的客戶類型或級別以及分配財產或提供服務所用方法類似，因而所有位置乃歸總為一個可報告經營分部。

地區資料

由於本集團來自外部顧客的收益僅自其於中國內地的經營所得且本集團並無非流動資產位於中國內地境外，故並無呈列地區資料。

有關主要客戶的資料

於報告期末，對單一客戶或共同控制下的一組客戶的銷售並無佔本集團收益的10%或以上。

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and leasing and commercial property management by project locations for the purpose of making decisions about resource allocation and performance assessment, while no single location's revenue, net profit or total assets exceed 10% of the Group's consolidated revenue, net profit or total assets, respectively. As the economic characteristics are similar in all the locations, where the nature of property development and leasing and management are similar, as well as the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services, and thus all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue at the end of the reporting period.

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日
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5. 收益、其他收入及收益

對收益的分析如下：

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
收益	Revenue		
客戶合約收益	Revenue from contracts with customers	32,423,362	26,348,294
來自其他來源的收益	Revenue from other sources		
來自投資物業經營租賃的 租金收入總額：	Gross rental income from investment property operating leases:		
租賃款項，包括固定款項	Lease payments, including fixed payments	134,298	104,812
		32,557,660	26,453,106

客戶合約收益

(i) 分類收益資料

Revenue from contracts with customers

(i) Disaggregated revenue information

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
貨物或服務類型	Types of goods or services		
銷售物業	Sale of properties	32,184,576	26,179,344
物業管理服務	Property management services	85,492	56,610
管理諮詢服務	Management consulting services	153,294	112,340
來自客戶合約之總收益	Total revenue from contracts with customers	32,423,362	26,348,294
收益確認時間：	Timing of revenue recognition:		
物業於某一時間點轉移	Properties transferred at a point in time	32,184,576	26,179,344
服務隨時間轉移	Services transferred over time	238,786	168,950
來自客戶合約之總收益	Total revenue from contracts with customers	32,423,362	26,348,294

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日
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5. 收益、其他收入及收益 (續)

客戶合約收益 (續)

(i) 分類收益資料 (續)

下表載列計入報告期初合約負債及就於過往期間達成的履約責任而確認的於本報告期間確認的收益金額：

計入報告期初合約負債的已確認收益：

(ii) 履約責任

有關本集團履約責任的資料概述如下：

物業銷售

就物業銷售合約而言，本集團於買方獲得實物所有權或已竣工物業的法定所有權時將收益確認為相等於合約金額。

物業管理服務

就物業管理服務合約而言，在有權開具發票的金額與本集團至今表現對於客戶的價值直接聯繫時，本集團按月將收益確認為相等於有權開具發票的金額。大部分物業管理服務合約並無固定期限。

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 and recognised from performance obligations satisfied in previous periods:

	二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	29,516,507	21,452,373

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

For property sales contracts, the Group recognises revenue equal to the contract amount when the purchaser obtains the physical possession or the legal title of the completed property.

Property management services

For property management services contracts, the Group recognises revenue equal to the right to invoice amount when it corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The majority of the property management service contracts do not have a fixed term.

財務報表附註

Notes to Financial Statements

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5. 收益、其他收入及收益 (續)

客戶合約收益 (續)

(ii) 履約責任 (續)

管理諮詢服務

就管理諮詢服務而言，在有權開具發票的金額與本集團至今表現對於客戶的價值直接聯繫時，本集團將收益確認為相等於有權開具發票的金額。大部分管理諮詢服務合約並無固定期限。交付前及諮詢服務合約的期限一般設定為於合約方告知本集團不再需要該等服務時屆滿。

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations (Continued)

Management consulting services

For management consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The majority of the management consulting service contracts do not have a fixed term. The term of the contracts for pre-delivery and consulting services is generally set to expire when the counterparties notify the Group that the services are no longer required.

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
其他收入	Other income		
利息收入	Interest income	373,261	272,424
其他	Others	22,622	11,486
		395,883	283,910
收益	Gains		
匯兌收益	Exchange gain	4,866	11,052
沒收按金	Forfeiture of deposits	14,543	16,313
出售附屬公司的收益 (附註39)	Gain on disposal of subsidiaries (note 39)	54,961	11,641
折價收購收益	Gain on bargain purchase	—	3,734
出售物業、廠房及設備項目 的收益	Gain on disposal of items of property, plant and equipment	878	463
		75,248	43,203
		471,131	327,113

財務報表附註

Notes to Financial Statements

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6. 除稅前溢利

本集團除稅前溢利乃自以下各項扣除／
(計入) 後達致：

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		附註 Notes	二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
已售存貨成本	Cost of inventories sold	23	26,140,970	20,274,343
持作出售已竣工物業的 減值虧損撇銷 (附註)	Impairment losses written off for completed properties held for sale (Note)	23	(227,701)	(186,508)
開發中物業確認的減值虧損	Impairment losses recognised for properties under development	22	66,456	282,783
物業、廠房及設備項目折舊	Depreciation of items of property, plant and equipment	13	57,679	29,235
使用權資產折舊	Depreciation of right-of-use assets	16	44,224	—
攤銷其他無形資產	Amortisation of other intangible assets	17	4,906	4,437
出售物業、廠房及設備項目 的收益／(虧損) 淨額	(Gain)/loss on disposal of items of property plant and equipment, net		(785)	46
出售附屬公司的收益	Gain on disposal of subsidiaries	39	(54,961)	(11,641)
核數師薪酬	Auditors' remuneration		10,717	9,816
金融資產減值虧損淨額	Impairment losses on financial assets, net	25	482	4,141
僱員福利開支 (包括董事及 最高行政人員薪酬 (附註8))：	Employee benefit expense (including directors' and chief executive's remuneration (note 8)):			
薪金及工資	Wages and salaries		580,518	452,908
養老金計劃供款及社會福利	Pension scheme contributions and social welfare		79,968	59,606

附註：該項目計入綜合損益表的銷售成本中。

Note: It is included in cost of sales in the consolidated statement of profit or loss.

財務報表附註

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7. 融資成本

融資成本的分析如下：

7. FINANCE COSTS

An analysis of finance costs is as follows:

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
銀行貸款及其他借款、 公司債券、優先票據以及資產 支持證券所得款項的利息	Interest on bank loans and other borrowings, corporate bonds, senior notes and proceeds from asset-backed securities	4,500,931	3,771,616
收益合約產生的利息開支	Interest expense arising from revenue contracts	558,799	860,149
租賃負債利息	Interest on lease liabilities	6,591	—
並非按公平值計入損益的 金融負債的利息開支總額	Total interest expense on financial liabilities not at fair value through profit or loss	5,066,321	4,631,765
減：資本化利息	Less: Interest capitalised	(4,582,230)	(4,250,283)
		484,091	381,482

8. 董事的薪酬

根據上市規則、香港公司條例第383(1)(a)、(b)、(c)及(f)條以及公司(披露董事利益資料)規例第2部披露的本年度董事及最高行政人員薪酬如下：

8. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
袍金	Fees	900	900
其他酬金：	Other emoluments:		
工資、津貼及實物福利	Salaries, allowances and benefits in kind	20,438	13,647
表現掛鉤花紅*	Performance-related bonuses*	1,750	2,752
養老金計劃供款及社會福利	Pension scheme contributions and social welfare	474	511
		22,662	16,910
		23,562	17,810

* 本公司若干執行董事有權獲得與本集團除稅後溢利相關的花紅付款。

* Certain executive directors of the Company are entitled to bonus payments which are associated with the profit after tax of the Group.

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8. 董事的薪酬 (續)

(a) 獨立非執行董事

年內支付予獨立非執行董事的袍金如下：

袍金	Fees
— 陸海林先生	— Mr. Loke Yu
— 沈國權先生	— Mr. Shen Guoquan
— 王傳序先生	— Mr. Wang Chuanxu
— 林華先生	— Mr. Lin Hua

沈國權先生於二零一九年六月六日辭任獨立非執行董事，而林華先生已於同日獲委任為獨立非執行董事。

年內，並無其他應付獨立非執行董事的薪酬（二零一八年：無）。

8. DIRECTORS' REMUNERATION (Continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
300	300
155	300
300	300
145	—
900	900

Mr. Shen Guoquan resigned as an independent non-executive director on 6 June 2019 and Mr. Lin Hua was appointed as an independent non-executive director on the same date.

There was no other emoluments payable to the independent non-executive directors during the year (2018: Nil).

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8. 董事的薪酬 (續)

(b) 執行董事、非執行董事及最高行政人員

8. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive

		袍金 Fees 人民幣千元 RMB'000	工資、津貼 及實物福利 Salaries, allowances and benefits in kind 人民幣千元 RMB'000	表現 掛鈎花紅 Performance- related bonuses 人民幣千元 RMB'000	股本結算以 股份為基礎 的付款開支 Equity-settled share-based payment expenses 人民幣千元 RMB'000	養老金計劃 供款及 社會福利 Pension scheme contributions and social welfare 人民幣千元 RMB'000	薪酬總計 Total remuneration 人民幣千元 RMB'000
二零一九年	2019						
執行董事：	Executive directors:						
— 黃仙枝先生	— Mr. Huang Xianzhi	—	3,197	1,050	—	114	4,361
— 陳偉健先生	— Mr. Chan Wai Kin	—	7,371	—	—	18	7,389
— 王本龍先生	— Mr. Wang Benlong	—	4,148	—	—	114	4,262
			14,716	1,050	—	246	16,012
非執行董事：	Non-executive directors:						
— 歐國強先生	— Mr. Ou Guoqiang	—	2,861	350	—	114	3,325
— 歐國偉先生	— Mr. Ou Guowei	—	2,861	350	—	114	3,325
			5,722	700		228	6,650
		—	20,438	1,750	—	474	22,662

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8. 董事的薪酬 (續)

(b) 執行董事、非執行董事及最高行政人員 (續)

		袍金 Fees 人民幣千元 RMB'000	工資、津貼 及實物福利 Salaries, allowances and benefits in kind 人民幣千元 RMB'000	表現 掛鈎花紅 Performance- related bonuses 人民幣千元 RMB'000	股本結算以 股份為基礎 的付款開支 Equity-settled share-based payment expenses 人民幣千元 RMB'000	養老金計劃 供款及 社會福利 Pension scheme contributions and social welfare 人民幣千元 RMB'000	薪酬總計 Total remuneration 人民幣千元 RMB'000
二零一八年	2018						
執行董事：	Executive directors:						
— 黃仙枝先生	— Mr. Huang Xianzhi	—	3,177	771	—	107	4,055
— 林朝陽先生	— Mr. Lin Zhaoyang	—	1,315	629	—	71	2,015
— 陳偉健先生	— Mr. Chan Wai Kin	—	2,783	369	—	12	3,164
— 王本龍先生	— Mr. Wang Benlong	—	2,281	363	—	107	2,751
		—	9,556	2,132	—	297	11,985
非執行董事：	Non-executive directors:						
— 歐國強先生	— Mr. Ou Guoqiang	—	2,046	310	—	107	2,463
— 歐國偉先生	— Mr. Ou Guowei	—	2,045	310	—	107	2,462
		—	4,091	620	—	214	4,925
		—	13,647	2,752	—	511	16,910

王本龍先生 (曾任執行董事兼行政總裁) 已於二零一九年十一月二十日辭任。黃仙枝先生 (本公司的董事會主席兼執行董事) 已獲委任為行政總裁，自二零一九年十一月二十日起生效。

年內，概無董事或最高行政人員放棄或同意放棄任何薪酬的安排。

8. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive (Continued)

Mr Wang Benlong, who had been serving as an executive director and the Chief Executive Officer, resigned on 20 November 2019. Mr. Huang Xianzhi, the chairman of the Board and an executive director of the Company, has been appointed as the Chief Executive Officer with effect from 20 November 2019.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

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9. 五名最高薪酬僱員

年內，五名最高薪酬僱員包括三名董事（二零一八年：三名董事），其薪酬詳情載於上文附註8。並非本公司董事或最高行政人員的餘下兩名（二零一八年：兩名）最高薪酬僱員年內的薪酬詳情如下：

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
工資、津貼及實物福利	Salaries, allowances and benefits in kind	5,851	6,559
表現掛鉤花紅	Performance-related bonuses	2,645	598
養老金計劃供款及社會福利	Pension scheme contributions and social welfare	178	170
		8,674	7,327

薪酬位於以下範圍的非董事及非最高行政人員最高薪酬僱員人數如下：

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2018: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2018: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

		僱員人數 Number of employees	
		二零一九年 2019	二零一八年 2018
2,500,001港元至5,000,000港元	HK\$2,500,001 to HK\$5,000,000	2	2
		2	2

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10. 所得稅

本集團須就本集團成員公司註冊及經營所在稅務司法權區產生及源自其的溢利按實體基準繳納所得稅。根據開曼群島及英屬處女群島的規則及法規，本集團於開曼群島及英屬處女群島註冊成立的附屬公司毋須繳納任何所得稅。本集團於香港註冊成立的附屬公司毋須繳納所得稅，因為該等公司於截至二零一九年十二月三十一日止年度並無現時於香港產生的任何應課稅溢利。

本集團於中國內地經營的附屬公司於年內須按25%的稅率繳納中國企業所得稅。

土地增值稅乃按照30%至60%的累進稅率對土地增值額徵收，土地增值額為出售物業所得款項減可扣減開支（包括土地成本、借款成本及其他房地產開發支出）。本集團根據有關中國內地稅務法律及法規的規定為土地增值稅估計、作出及計提稅項撥備。土地增值稅撥備須由當地稅務機關進行最終審核及批准。

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2019.

Subsidiaries of the Group operating in Mainland China were subject to PRC CIT at a rate of 25% for the year.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
即期稅項：	Current tax:		
中國企業所得稅	PRC CIT	1,330,378	1,279,020
中國土地增值稅	PRC LAT	872,547	1,047,904
遞延稅項（附註20）	Deferred tax (note 20)	(265,278)	(431,982)
年內稅項支出總額	Total tax charge for the year	1,937,647	1,894,942

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10. 所得稅 (續)

本公司及其大部份附屬公司註冊所在司法權區按法定稅率計算的除稅前溢利適用的所得稅開支與按實際所得稅率計算的所得稅開支對賬，以及適用稅率（即法定稅率）與實際稅率的對賬如下：

10. INCOME TAX (Continued)

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate are as follows:

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
除稅前溢利	Profit before tax	5,031,631	4,127,479
按法定所得稅率計算	At the statutory income tax rate	1,257,908	1,031,870
合營企業及聯營公司應佔溢利及虧損	Profits and losses attributable to joint ventures and associates	(130,233)	39,488
不可扣稅開支	Expenses not deductible for tax	23,164	22,480
過往年度利用的稅務虧損及可扣減暫時差異	Tax losses and deductible temporary differences utilised from previous years	(147,664)	(185,337)
未確認的可扣減暫時差異	Deductible temporary differences not recognised	111,206	75,961
未確認的稅務虧損	Tax losses not recognised	168,796	124,552
土地增值稅撥備	Provision for LAT	872,547	1,047,904
土地增值稅的稅務影響	Tax effect on LAT	(218,077)	(261,976)
按本集團實際稅率計算的稅項費用	Tax charge at the Group's effective rate	1,937,647	1,894,942

年內，合營企業及聯營公司應佔的稅項費用為人民幣520,249,000元（二零一八年：人民幣620,547,000元）。本年度合營企業及聯營公司應佔的稅項抵免人民幣693,893,000元（二零一八年：人民幣567,895,000元）於綜合損益表內列作「合營企業及聯營公司應佔溢利及虧損」。

The share of tax charge attributable to joint ventures and associates amounted to RMB520,249,000 for the year (2018: RMB620,547,000). The share of tax credit attributable to joint ventures and associates amounting to RMB693,893,000 for the year (2018: RMB567,895,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

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10. 所得稅 (續)

綜合財務狀況表內的應付稅項指：

10. INCOME TAX (Continued)

Tax payable in the consolidated statement of financial position represents:

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
應付中國企業所得稅	PRC CIT payable	1,397,227	1,228,218
應付中國土地增值稅	PRC LAT payable	1,431,594	1,069,454
應付稅項總額	Total tax payable	2,828,821	2,297,672

11. 股息

11. DIVIDENDS

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
擬派末期股息－每股普通股0.1港元 (二零一八年：0.15港元)	Proposed final – HK\$0.1 (2018: HK\$0.15) per ordinary share	396,763	527,662

本年度擬派末期股息須取得本公司股東
於應屆股東週年大會之批准。

The proposed final dividend for the year is subject to the approval of the
Company's shareholders at the forthcoming annual general meeting.

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12. 母公司普通權益持有人應佔每股盈利

每股基本盈利乃根據母公司普通權益持有人應佔本年度溢利以及年內已發行普通股加權平均數4,226,937,479股（二零一八年：4,069,435,616股）計算。

截至二零一九年及二零一八年十二月三十一日止年度每股基本盈利金額所用的普通股加權平均數乃基於以下各項計算：本公司於二零一八年一月一日的50,000股股份及本公司根據於二零一八年一月十六日發生的資本化發行而發行的2,999,950,000股普通股，猶如該等根據資本化發行而發行的額外股份已於截至二零一八年十二月三十一日止年度發行。同日，本公司發行1,000,000,000股新普通股。於二零一八年二月二日，超額配股權部份獲行使，且本公司配發及發行123,000,000股額外股份。於二零一九年七月三十日，本公司244,756,000股股份已按每股4.95港元的價格配售予特定投資者。

由於本集團於截至二零一九年及二零一八年十二月三十一日止年度並無已發行潛在攤薄普通股，故並未就截至二零一九年及二零一八年十二月三十一日止年度呈列之每股基本盈利作出攤薄調整。

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,226,937,479 (2018: 4,069,435,616) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amounts for the years ended 31 December 2019 and 2018 was based on 50,000 shares of the Company as at 1 January 2018, and 2,999,950,000 ordinary shares of the Company issued under the capitalisation issue occurred on 16 January 2018, as if these additional shares issued under the capitalisation issue had been in issue throughout the year ended 31 December 2018. On the same day, the Company issued 1,000,000,000 new ordinary shares. On 2 February 2018, the over-allotment option has been partially exercised and the Company allotted and issued 123,000,000 additional shares. On 30 July 2019, 244,756,000 shares of the Company were placed to a certain investor at a price of HK\$4.95 per share.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2019 and 2018 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

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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金額乃根據以下項目計算：

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

(Continued)

The calculations of the basic and diluted earnings per share amounts are based on:

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
盈利	Earnings		
母公司普通權益持有人應佔溢利	Profit attributable to ordinary equity holders of the parent	2,506,405	2,120,734
股份	Shares		
年內已發行普通股的加權平均數	Weighted average number of ordinary shares in issue during the year	4,226,937,479	4,069,435,616
每股盈利	Earnings per share		
基本及攤薄	Basic and diluted	人民幣0.59元 RMB0.59	人民幣0.52元 RMB0.52

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13. 物業、廠房及設備

13. PROPERTY, PLANT AND EQUIPMENT

		樓宇	機動車	辦公設備 及電子裝置 Office equipment	租賃改良工程	總計
		Buildings	Motor vehicles	and electronic devices	Leasehold improvements	Total
		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
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
二零一九年十二月三十一日	31 December 2019					
於二零一九年一月一日 (重列)	At 1 January 2019 (restated)					
成本	Cost	501,493	95,458	55,016	102,609	754,576
累計折舊	Accumulated depreciation	—	(69,302)	(41,136)	(41,249)	(151,687)
賬面淨值	Net carrying amount	501,493	26,156	13,880	61,360	602,889
於二零一八年十二月三十一日，扣除累計折舊	At 31 December 2018, net of accumulated depreciation	775,486	26,156	13,880	61,360	876,882
採納國際財務報告準則第16號之影響	Effect of adoption of IFRS 16	(273,993)	—	—	—	(273,993)
於二零一九年一月一日 (重列)	At 1 January 2019 (restated)	501,493	26,156	13,880	61,360	602,889
添置	Additions	21,761	2,311	2,613	10,100	36,785
出售	Disposals	—	(1,231)	(441)	(557)	(2,229)
收購附屬公司	Acquisition of subsidiaries	—	—	89	—	89
出售附屬公司	Disposal of subsidiaries	—	(45)	(40)	—	(85)
年度折舊撥備	Depreciation provided during the year	(24,855)	(6,861)	(5,717)	(20,246)	(57,679)
於二零一九年十二月三十一日，扣除累計折舊	At 31 December 2019, net of accumulated depreciation	498,399	20,330	10,384	50,657	579,770
於二零一九年十二月三十一日	At 31 December 2019					
成本	Cost	523,254	84,801	52,380	91,595	752,030
累計折舊	Accumulated depreciation	(24,855)	(64,471)	(41,996)	(40,938)	(172,260)
賬面淨值	Net carrying amount	498,399	20,330	10,384	50,657	579,770

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13. 物業、廠房及設備 (續)

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

		樓宇 Buildings 人民幣千元 RMB'000	機動車 Motor vehicles 人民幣千元 RMB'000	辦公設備 及電子裝置 Office equipment and electronic devices 人民幣千元 RMB'000	租賃改良工程 Leasehold improvements 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
二零一八年十二月三十一日	31 December 2018					
於二零一七年十二月三十一日及二零一八年一月一日：	At 31 December 2017 and 1 January 2018:					
成本	Cost	—	86,731	47,317	61,108	195,156
累計折舊	Accumulated depreciation	—	(59,531)	(34,701)	(26,222)	(120,454)
賬面淨值	Net carrying amount	—	27,200	12,616	34,886	74,702
於二零一八年一月一日，扣除累計折舊	At 1 January 2018, net of accumulated depreciation	—	27,200	12,616	34,886	74,702
添置	Additions	69,384	8,362	7,265	41,212	126,223
出售	Disposals	—	(284)	(848)	—	(1,132)
收購附屬公司	Acquisition of subsidiaries	—	365	434	289	1,088
出售附屬公司	Disposal of subsidiaries	—	(866)	—	—	(866)
轉撥自投資物業 (附註14)	Transferred from investment properties (note 14)	600,700	—	—	—	600,700
轉撥自持作出售已竣工物業 (附註23)	Transferred from completed properties held for sale (note 23)	105,402	—	—	—	105,402
年度折舊撥備	Depreciation provided during the year	—	(8,621)	(5,587)	(15,027)	(29,235)
於二零一八年十二月三十一日，扣除累計折舊	At 31 December 2018, net of accumulated depreciation	775,486	26,156	13,880	61,360	876,882
於二零一八年十二月三十一日：	At 31 December 2018:					
成本	Cost	775,486	95,458	55,016	102,609	1,028,569
累計折舊	Accumulated depreciation	—	(69,302)	(41,136)	(41,249)	(151,687)
賬面淨值	Net carrying amount	775,486	26,156	13,880	61,360	876,882

於二零一九年十二月三十一日，本集團賬面淨值約人民幣250,953,000元（二零一八年：人民幣515,699,000元）的物業、廠房及設備已質押，為本集團獲授的銀行及其他借款作抵押（附註30）。

As at 31 December 2019, the Group's property, plant and equipment with a net carrying amount of approximately RMB250,953,000 (2018: RMB515,699,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

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14. 投資物業

14. INVESTMENT PROPERTIES

		在建 Under construction 人民幣千元 RMB'000	已竣工 Completed 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
於二零一八年一月一日的賬面值	Carrying amount at 1 January 2018	2,089,800	6,452,900	8,542,700
添置	Additions	293,738	—	293,738
轉撥自開發中物業(附註22)	Transferred from properties under development (note 22)	81,601	—	81,601
轉撥至物業、廠房及設備 (附註13)	Transferred to property, plant and equipment (note 13)	—	(600,700)	(600,700)
轉撥	Transfer	(69,492)	69,492	—
公平值調整所得收益淨額	Net gain from a fair value adjustment	94,653	49,908	144,561
於二零一八年十二月三十一日及 二零一九年一月一日的賬面值	Carrying amount at 31 December 2018 and 1 January 2019	2,490,300	5,971,600	8,461,900
添置	Additions	539,849	—	539,849
轉撥自開發中物業(附註22)	Transferred from properties under development (note 22)	49,544	—	49,544
轉撥	Transfer	(193,496)	193,496	—
公平值調整所得收益淨額	Net gain from a fair value adjustment	196,003	130,504	326,507
於二零一九年十二月三十一日的 賬面值	Carrying amount at 31 December 2019	3,082,200	6,295,600	9,377,800

本集團的投資物業位於中國內地。本集團的投資物業乃基於獨立專業合資格估值師仲量聯行企業評估及諮詢有限公司「仲量聯行」的評估於二零一九年十二月三十一日重估為人民幣9,377,800,000元(二零一八年：人民幣8,461,900,000元)。本集團的高級財務經理及財務總監經本公司董事會批准後決定委任外部估值師負責本集團物業的外部估值。甄選標準包括市場知識、聲譽、獨立性及是否保持專業標準。本集團的高級財務經理及財務總監已與估值師就進行財務報告估值的估值假設及估值結果進行討論。

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2019 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, at RMB9,377,800,000 (2018: RMB8,461,900,000). The Group's senior finance manager and the chief financial officer decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

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二零一九年十二月三十一日
31 December 2019

14. 投資物業 (續)

於二零一九年十二月三十一日，本集團總賬面值約人民幣4,315,382,000元(二零一八年：人民幣4,005,124,000元)的投資物業已質押，為本集團獲授的銀行及其他借款作抵押(附註30)。

公平值層級

下表說明本集團投資物業的公平值計量層級：

14. INVESTMENT PROPERTIES (Continued)

As at 31 December 2019, the Group's investment properties with an aggregate carrying amount of approximately RMB4,315,382,000 (2018: RMB4,005,124,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

		於二零一九年十二月三十一日 使用以下級別的公平值計量 Fair value measurement as at 31 December 2019 using			
		活躍市場 之報價 (第一級) Quoted prices in active markets (Level 1) 人民幣千元 RMB'000	重大可觀察 輸入數據 (第二級) Significant observable inputs (Level 2) 人民幣千元 RMB'000	重大不可觀察 輸入數據 (第三級) Significant unobservable inputs (Level 3) 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
就以下項目進行的 經常性公平值計量：	Recurring fair value measurement for:				
已竣工商業物業	Completed commercial properties	—	—	6,295,600	6,295,600
在建商業物業	Commercial properties under construction	—	—	3,082,200	3,082,200
		—	—	9,377,800	9,377,800

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二零一九年十二月三十一日
31 December 2019

14. 投資物業 (續)

公平值層級 (續)

下表說明本集團投資物業的公平值計量層級：(續)

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

The following table illustrates the fair value measurement hierarchy of the Group's investment properties: (continued)

於二零一八年十二月三十一日使用以下級別的公平值計量
Fair value measurement as at 31 December 2018 using

	活躍市場 之報價 (第一級) Quoted prices in active markets (Level 1) 人民幣千元 RMB'000	重大可觀察 輸入數據 (第二級) Significant observable inputs (Level 2) 人民幣千元 RMB'000	重大不可觀察 輸入數據 (第三級) Significant unobservable inputs (Level 3) 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
就以下項目進行的 經常性公平值計量：	Recurring fair value measurement for:			
已竣工商業物業	Completed commercial properties	—	—	5,971,600
在建商業物業	Commercial properties under construction	—	—	2,490,300
		—	—	8,461,900

年內，第一級與第二級之間並無公平值計量的轉撥，亦無轉撥至或轉撥自第三級（二零一八年：無）。

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2018: Nil).

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二零一九年十二月三十一日
31 December 2019

14. 投資物業 (續)

公平值層級 (續)

以下為投資物業估值所用的估值方法及
主要輸入數據概要：

	估值技術 Valuation techniques
已竣工商業物業 Completed commercial properties	收入資本化法 Income capitalisation method
在建商業物業 Commercial properties under construction	比較法 Comparison method

已竣工商業物業的公平值乃通過收入資本化法釐定，方法是通過計及有關物業因現有租約而產生及／或在現行市況下可能取得的租金收入淨額（就租約的潛在續租收入作出充分撥備），然後加以資本化，以按適當的資本化比率釐定公平值。亦會在適當情況下參考相關市場上可獲得的可資比較銷售交易。

估計租金大幅增加將導致投資物業的公平值大幅增加。長期空置率及資本化比率單獨大幅增加（減少）將導致投資物業的公平值大幅減少（增加）。

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

重大不可觀察輸入數據 Significant unobservable inputs	範圍或加權平均 Range or weighted average	
	二零一九年 2019	二零一八年 2018
估計租金（人民幣／ 每平方米及每月） Estimated rental value (RMB per sq.m. and per month)	31-255	31-256
資本化比率 Capitalisation rate	3.5%-5%	3.5%-5%
預期利潤率 Expected profit margin	15%	15%

The fair value of completed commercial properties is determined by the income capitalisation method by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

A significant increase in the estimated rental value would result in a significant increase in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the capitalisation rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

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14. 投資物業 (續)

公平值層級 (續)

在建商業物業的公平值使用比較法釐定，經參考相關市場上可獲得的可資比較交易個案並(如適用)經扣除以下項目後得出物業的公平值(假設其已竣工)：

- 市場參與者完成物業將產生的估計建築成本及專業費用；及
- 市場參與者將房地產開發至竣工所要求持有的估計利潤率。

估計建築成本越高，將會導致在建投資物業公平值越低。

15. 預付土地租賃款項

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

The fair value of commercial properties under construction is determined by using the comparison method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the property assuming it was completed and, where appropriate, after deducting the following items:

- Estimated construction costs and professional fees to be expensed to complete the properties that would be incurred by a market participant; and
- Estimated profit margin that a market participant would require to hold and develop the property to completion.

The higher the estimated construction costs, the lower the fair value of the investment properties under construction would be resulted.

15. PREPAID LAND LEASE PAYMENTS

		人民幣千元 RMB'000
於二零一八年一月一日的賬面值	Carrying amount at 1 January 2018	3,052,356
年內增加	Additions during the year	12,636,296
轉撥至開發中物業 (附註22)	Transferred to properties under development (note 22)	(14,720,794)
於二零一八年十二月三十一日的賬面值	Carrying amount at 31 December 2018	967,858
減：即期部份	Less: Current portion	754,184
非即期部份	Non-current portion	213,674
採納國際財務報告準則第16號之影響	Effect of adoption of IFRS 16	(967,858)
於二零一九年一月一日的賬面值 (重列)	Carrying amount at 1 January 2019 (restated)	—

就土地使用權支付的預付土地租賃款項乃根據中期租約持有，且相關地塊位於中國內地。預付土地租賃款項指將用於發展未來待售物業及於二零一九年一月一日已根據國際財務報告準則第16號轉撥至開發中物業的土地使用權。

The prepaid land lease payments for land use rights are held under medium term leases and the parcels of land are situated in Mainland China. Prepaid land lease payments represent land use rights to be used for development of properties for sale in the future and have been transferred to properties under development on 1 January 2019 under IFRS 16.

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二零一九年十二月三十一日
31 December 2019

15. 預付土地租賃款項 (續)

於二零一九年十二月三十一日，本集團總賬面值約人民幣零元(二零一八年：人民幣344,034,000元)的預付土地租賃款項已質押，為本集團獲授的銀行及其他借款作抵押(附註30)。

16. 租賃

本集團作為承租人

本集團擁有用於其業務營運的多個辦公樓、機動車及其他設備項目的租賃合約。本集團已提前作出一次性付款以向業主收購租賃土地(租期為40年)，根據該等土地租賃的條款，本集團將不會繼續支付任何款項。辦公樓的租期通常介乎3至10年。機動車及其他設備的租期通常為12個月或以下及／或個別設備的價值較低。一般而言，本集團不可向本集團以外人士轉讓及分租租賃資產。包含續期及終止選擇權及可變租金的多個租賃合約於下文詳述。

(a) 使用權資產

年內本集團使用權資產的賬面值及變動如下：

於二零一九年一月一日	As at 1 January 2019
添置	Additions
折舊開支	Depreciation charge
於二零一九年十二月三十一日	As at 31 December 2019

於二零一九年十二月三十一日，本集團總賬面值約人民幣260,979,000元(二零一八年：無)的使用權資產已質押，為本集團獲授的銀行及其他借款作抵押(附註30)。

15. PREPAID LAND LEASE PAYMENTS (Continued)

As at 31 December 2019, the Group's prepaid land lease payments with an aggregate carrying amount of approximately nil (2018: RMB344,034,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of office building, motor vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 years, and no ongoing payments will be made under the terms of these land leases. Leases of office buildings generally have lease terms between 3 and 10 years. Motor vehicles and other equipment generally have lease terms of 12 months or less and/or are individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

土地使用權	辦公樓	總計
Land use rights	Office buildings	Total
人民幣千元	人民幣千元	人民幣千元
RMB'000	RMB'000	RMB'000
於二零一九年一月一日	As at 1 January 2019	273,993
添置	Additions	—
折舊開支	Depreciation charge	(13,014)
於二零一九年十二月三十一日	As at 31 December 2019	260,979

As at 31 December 2019, the Group's right-of-use assets with an aggregate carrying amount of approximately RMB260,979,000 (2018: Nil) were pledged to secure bank and other borrowings granted to the Group (note 30).

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日
31 December 2019

16. 租賃 (續)

本集團作為承租人 (續)

(b) 租賃負債

年內租賃負債的賬面值及變動如下：

於二零一九年一月一日的賬面值
新租賃
年內已確認
利息增幅
付款

於二零一九年十二月三十一日的賬面值

分析為：

即期部份
非即期部份

租賃負債的到期日分析披露於財務報表附註46。

16. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

		二零一九年 2019 人民幣千元 RMB'000
Carrying amount as at 1 January 2019		101,792
New leases		58,957
Accretion of interest recognised during the year		6,591
Payments		(35,692)
Carrying amount as at 31 December 2019		131,648
Analysed into:		
Current portion		68,171
Non-current portion		63,477

The maturity analysis of lease liabilities is disclosed in note 46 to the financial statements.

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Notes to Financial Statements

二零一九年十二月三十一日

31 December 2019

16. 租賃 (續)

本集團作為承租人 (續)

- (c) 於損益中確認的租賃相關款項如下：

租賃負債利息
使用權資產折舊開支
與短期租賃及 餘下租期 於二零一九年十二月三十一日或之前屆滿 的其他租賃有關的開支 (計入行政開支)
與低價值資產租賃有關 的開支 (計入銷售及 分銷開支)

於損益中確認的款項總額

16. LEASE (Continued)

The Group as a lessee (Continued)

- (c) The amounts recognised in profit or loss in relation to leases are as follows:

Interest on lease liabilities	6,591
Depreciation charge of right-of-use assets	44,224
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December 2019 (included in administrative expenses)	13,764
Expense relating to leases of low-value assets (included in selling and distribution expenses)	2,062

Total amount recognised in profit or loss

二零一九年
2019
人民幣千元
RMB'000

6,591

44,224

13,764

2,062

66,641

- (d) 租賃總現金流出及與尚未開始的租賃有關的未來現金流出披露於財務報表附註36及附註42。

- (d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in note 36 and note 42, to the financial statements.

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二零一九年十二月三十一日
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16. 租賃 (續)

本集團作為出租人

本集團根據經營租賃安排租賃其投資物業(附註14)，包括11個中國內地商業物業。租賃條款一般要求租戶支付保證金，並規定根據當時市況定期調整租金。本集團於年內確認的租金收入為人民幣134,298,000元(二零一八年：人民幣104,812,000元)，詳情載於財務報表附註5。

於二零一九年十二月三十一日，本集團根據與其租戶訂立的不可撤銷經營租賃於未來期間應收的未貼現租賃款項如下：

16. LEASE (Continued)

The Group as a lessor

The Group leases its investment properties (note 14) consisting of eleven commercial properties in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB134,298,000 (2018: RMB104,812,000), details of which are included in note 5 to the financial statements.

At 31 December 2019, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
一年內	Within one year	156,309	108,803
一年以上但兩年以內	After one year but within two years	141,112	94,745
兩年以上但三年以內	After two years but within three years	134,925	92,895
三年以上但四年以內	After three years but within four years	103,937	81,395
四年以上但五年以內	After four years but within five years	95,370	79,302
五年後	After five years	345,796	409,740
		977,449	866,880

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31 December 2019

17. 其他無形資產

17. OTHER INTANGIBLE ASSETS

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
軟件	Software		
於一月一日	At 1 January		
成本	Cost	20,508	13,261
累計折舊	Accumulated amortisation	(10,568)	(6,131)
賬面淨值	Net carrying amount	9,940	7,130
於一月一日之成本， 扣除累計折舊	Cost at 1 January, net of accumulated amortisation	9,940	7,130
添置	Additions	1,829	7,336
出售	Disposals	(20)	—
出售附屬公司	Disposal of subsidiaries	—	(89)
年內已撥備攤銷	Amortisation provided during the year	(4,906)	(4,437)
於十二月三十一日	At 31 December	6,843	9,940
於十二月三十一日：	At 31 December:		
成本	Cost	19,404	20,508
累計折舊	Accumulated amortisation	(12,561)	(10,568)
賬面淨值	Net carrying amount	6,843	9,940

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二零一九年十二月三十一日
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18. 於合營企業的投資

18. INVESTMENTS IN JOINT VENTURES

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
分佔淨資產	Share of net assets	2,341,631	1,931,702

本集團與合營企業的貿易應收款項及應付款項結餘於財務報表附註43披露。

The Group's trade receivable and payable balances with joint ventures are disclosed in note 43 to the financial statements.

(a) 本集團重要合營企業詳情如下：

(a) Particulars of the Group's material joint ventures are as follows:

公司名稱	註冊地點及年份	實繳資本 Paid-in capital 人民幣千元 RMB'000	本集團應佔擁有權 百分比 Percentage of ownership interest attributable to the Group	主要活動 Principal activities
Name of company	Place and year of registration			
武漢正榮正升置業有限公司 Wuhan Zhengsheng Real Estate Co., Ltd.	中國武漢 二零一六年 Wuhan, PRC 2016	100,000	50%	物業開發 Property development
合肥和桂房地產有限公司 Hefei Hegui Real Estate Co., Ltd.	中國合肥 二零一七年 Hefei, PRC 2017	400,000	33%	物業開發 Property development

(b) 武漢正榮正升置業有限公司（截至二零一八年及二零一九年十二月三十一日被視為本集團的重要合營企業）與中國內地的其他合營夥伴共同開發一個物業開發項目，採用權益法入賬。合肥和桂房地產有限公司（截至二零一九年十二月三十一日被視為本集團的重要合營企業）與中國內地的其他合營夥伴共同開發多個物業開發項目，採用權益法入賬。

(b) Wuhan Zhengsheng Real Estate Co., Ltd., which is considered a material joint venture of the Group for 31 December 2018 and 2019, develops a property development project with the other joint venture partner in Mainland China and is accounted for using the equity method. Hefei Hegui Real Estate Co., Ltd, which is considered a material joint venture of the Group for 31 December 2019, develops property development projects with the other joint venture partners in Mainland China and are accounted for using the equity method.

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18. 於合營企業的投資 (續)

(b) (續)

下表列示有關武漢正榮正置業有限公司的財務資料摘要，已就任何會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

18. INVESTMENTS IN JOINT VENTURES (Continued)

(b) (Continued)

The following table illustrates the summarised financial information in respect of Wuhan Zhengsheng Real Estate Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

		二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000	二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000
現金及現金等價物	Cash and cash equivalents	1,327,312	505,205
其他流動資產	Other current assets	6,762,326	5,824,461
流動資產	Current assets	8,089,638	6,329,666
非流動資產	Non-current assets	10,188	10,200
金融負債，不包括貿易 及其他應付款項	Financial liabilities, excluding trade and other payables	(572,562)	(840,956)
其他流動負債	Other current liabilities	(2,818,088)	(1,151,018)
流動負債	Current liabilities	(3,390,650)	(1,991,974)
非流動金融負債，不包括貿易 及其他應付款項	Non-current financial liabilities, excluding trade and other payables	(3,200,000)	(2,800,000)
非流動負債	Non-current liabilities	(3,200,000)	(2,800,000)
淨資產	Net assets	1,509,176	1,547,892
與本集團於合營企業的 權益對賬：	Reconciliation to the Group's interest in the joint venture:		
本集團所佔擁有權比例	Proportion of the Group's ownership	50%	50%
本集團應佔合營企業淨資產	Group's share of net assets of the joint venture	754,588	773,946
就關聯方交易的未變現損益作出 調整	Adjustment for unrealised profits and losses from related-party transactions	(575)	(575)
投資的賬面值	Carrying amount of the investment	754,013	773,371
收益	Revenue	—	—
開支	Expenses	(38,717)	(36,973)
稅項	Tax	—	9,243
年內虧損及全面 收益總額	Loss and total comprehensive income for the year	(38,717)	(27,730)

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18. 於合營企業的投資 (續)

(b) (續)

下表列示有關合肥和桂房地產有限公司的財務資料摘要，已就任何會計政策差異作出調整並與綜合財務報表內的賬面值對賬：

18. INVESTMENTS IN JOINT VENTURES (Continued)

(b) (Continued)

The following table illustrates the summarised financial information in respect of Hefei Hegui Real Estate Co., Ltd adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

		二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000
現金及現金等價物	Cash and cash equivalents	327,910
其他流動資產	Other current assets	2,299,853
流動資產	Current assets	2,627,763
非流動資產	Non-current assets	35,978
金融負債，不包括貿易及 其他應付款項	Financial liabilities, excluding trade and other payables	(378,048)
其他流動負債	Other current liabilities	(1,248,875)
流動負債	Current liabilities	(1,626,923)
非流動金融負債， 不包括貿易及其他應付款項	Non-current financial liabilities, excluding trade and other payables	(220,000)
非流動負債	Non-current liabilities	(220,000)
淨資產	Net assets	816,818
與本集團於合營企業的 權益對賬：	Reconciliation to the Group's interest in the joint venture:	
本集團所佔擁有權比例	Proportion of the Group's ownership	33%
本集團應佔合營企業淨資產	Group's share of net assets of the joint venture	269,550
投資的賬面值	Carrying amount of the investment	269,550
收益	Revenue	2,402,710
開支	Expenses	(1,794,267)
稅項	Tax	(156,787)
年內溢利及全面收益總額	Profit and total comprehensive income for the year	451,656

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18. 於合營企業的投資 (續)

- (c) 下表說明本集團並非個別屬重大的合營企業的概要財務資料：

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
年內分佔合營企業損益及全面收益總額	Share of the joint ventures' profits and losses and total comprehensive income for the year	227,816	(45,617)
就關聯方交易的未變現損益作出調整	Adjustment for unrealised profits and losses from related party transactions	(4,728)	(3,218)
本集團於聯營公司投資的賬面值總額	Aggregate carrying amount of the Group's investments in the joint ventures	1,318,068	1,158,331

本公司董事認為，由於於合營企業的投資被視為可全數收回，故於二零一九年十二月三十一日無需計提減值撥備（二零一八年：無）。合營企業已按權益法於該等財務報表入賬。

於二零一九年十二月三十一日，本集團總賬面值約人民幣零元（二零一八年：人民幣54,592,000元）的於合營企業的投資已質押，為本集團獲授的銀行及其他借款作抵押（附註30）。

18. INVESTMENTS IN JOINT VENTURES (Continued)

- (c) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2019 as the investments in joint ventures are considered fully recoverable (2018: Nil). The joint ventures have been accounted for using the equity method in these financial statements.

As at 31 December 2019, the Group's investments in joint ventures with an aggregate carrying amount of approximately nil (2018: RMB54,592,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

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19. 於聯營公司的投資

19. INVESTMENTS IN ASSOCIATES

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
分佔淨資產	Share of net assets	3,199,926	1,796,827

本集團與聯營公司的貿易應收款項及應付款項結餘於財務報表附註43披露。

The Group's trade receivable and payable balances with associates are disclosed in note 43 to the financial statements.

(a) 本集團重要聯營公司詳情如下：

(a) Particulars of the Group's material associate is as follows:

公司名稱	註冊地點及年份	實繳資本 Paid-in capital 人民幣千元 RMB'000	本集團應佔擁有權 百分比 Percentage of ownership interest attributable to the Group	主要活動 Principal activities
Name of company	Place and year of registration			
贛州市南康區碧桂園房地產 開發有限公司	中國廣州 二零一七年	10,000	50%	物業開發 Property development
Ganzhou Nankang Country Gardon Properties Development Co., Ltd	Ganzhou, PRC 2017			

附註：根據組織章程細則，本集團僅對贛州市南康區碧桂園房地產開發有限公司有重大影響，乃因該實體的另一名股東擁有充足的投票權以控制及經營該實體。因此，該實體以本集團持有其50%股權的一家聯營公司入賬。

Note: Pursuant to the articles of association, the Group only has significant influence on Ganzhou Nankang Country Gardon Properties Development Co., Ltd as the other shareholders of each of the entity has the enough voting power to control and operate the entity. Thus, the entity is accounted for as an associate by the Group by holding 50% of equity interests in it.

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19. 於聯營公司的投資 (續)

- (b) 贛州市南康區碧桂園房地產開發有限公司 (截至二零一九年十二月三十一日被視為本集團的重要聯營公司) 與中國內地的策略性夥伴共同開發多個物業開發項目，採用權益法入賬。

下表列示有關贛州市南康區碧桂園房地產開發有限公司的財務資料摘要，已就任何會計政策差異作出調整並與綜合財務報表內的眼面值對賬：

19. INVESTMENTS IN ASSOCIATES (Continued)

- (b) Ganzhou Nankang Country Gardon Properties Development Co., Ltd, which is considered a material associate of the Group for 31 December 2019, develops property development projects with the strategic partners in Mainland China and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Ganzhou Nankang Country Gardon Properties Development Co., Ltd adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

		二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000
現金及現金等價物	Cash and cash equivalents	325,233
其他流動資產	Other current assets	2,603,159
流動資產	Current assets	2,928,392
非流動資產	Non-current assets	90,161
其他流動負債	Other current liabilities	(2,733,216)
流動負債	Current liabilities	(2,733,216)
淨資產	Net assets	285,337
與本集團於聯營公司的權益對賬：	Reconciliation to the Group's interest in the associate:	
本集團所佔擁有權比例	Proportion of the Group's ownership	50%
本集團應佔聯營公司淨資產	Group's share of net assets of the associate	142,669
就關聯方交易的未變現損益 作出調整	Adjustment for unrealised profit and losses from related-party transactions	(2,529)
投資的眼面值	Carrying amount of the investment	140,140
收益	Revenue	1,385,545
開支	Expenses	(983,570)
稅項	Tax	(99,269)
年內溢利及全面收益總額	Profit and total comprehensive income for the year	302,706

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19. 於聯營公司的投資 (續)

- (c) 下表說明本集團並非個別屬重大的聯營公司的概要財務資料：

19. INVESTMENTS IN ASSOCIATES (Continued)

- (c) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
分佔聯營公司損益及 全面收益總額	Share of the associates' profits and losses and total comprehensive income	12,076	(98,471)
就關聯方交易的未變現 損益作出調整	Adjustment for unrealised profits and losses from related party transactions	(36,645)	(11,367)
本集團於聯營公司投資的賬面值總額	Aggregate carrying amount of the Group's investments in the associates	3,059,786	1,796,827

本公司董事認為，由於於聯營公司的投資被視為可全數收回，故於二零一九年十二月三十一日無需計提減值撥備(二零一八年：無)。聯營公司已按權益法於該等財務報表入賬。

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2019 as the investments in associates are considered fully recoverable (2018: Nil). The associates have been accounted for using the equity method in these financial statements.

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20. 遞延稅項

遞延稅項資產及負債於年內的變動如下：

遞延稅項資產

20. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

		可供抵銷		溢利的虧損	應計	建築成本	Unrealised revenue	應計	金融資產減值虧損	總計
		未來應課稅溢利的虧損	抵銷未來應課稅溢利的							
		Losses available for offsetting	Advertising fee for offsetting	工資及福利	應計	建築成本	Unrealised revenue	應計	金融資產減值虧損	總計
		Lease liabilities	against future taxable profits	Payroll and welfare accrual	應計	建築成本	received in advance	Accrued LAT	losses on financial assets	Total
		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
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
於二零一七年十二月三十一日	At 31 December 2017	—	48,539	84	7,291	35,893	974,416	151,369	—	1,217,592
採納國際財務報告準則第15號之影響	Effect of adoption of IFRS 15	—	—	—	—	—	12,150	—	—	12,150
於二零一八年一月一日 (重列)	At 1 January 2018 (restated)	—	48,539	84	7,291	35,893	986,566	151,369	—	1,229,742
出售附屬公司	Disposal of subsidiaries	—	(697)	—	(557)	—	—	—	—	(1,254)
年內計入損益的遞延稅項	Deferred tax credited to profit or loss during the year	—	14,225	2,393	2,633	25,296	356,312	67,354	1,035	469,248
於二零一八年十二月三十一日	At 31 December 2018	—	62,067	2,477	9,367	61,189	1,342,878	218,723	1,035	1,697,736
採納國際財務報告準則第16號之影響	Effect of adoption of IFRS 16	25,448	—	—	—	—	—	—	—	25,448
於二零一九年一月一日 (重列)	At 1 January 2019 (restated)	25,448	62,067	2,477	9,367	61,189	1,342,878	218,723	1,035	1,723,184
出售附屬公司 (附註39)	Disposal of subsidiaries (note 39)	—	—	—	—	—	(36,198)	—	—	(36,198)
年內計入損益的遞延稅項	Deferred tax credited to profit or loss during the year	7,464	191,596	5,900	(563)	105,282	(64,820)	73,671	121	318,651
於二零一九年十二月三十一日	At 31 December 2019	32,912	253,663	8,377	8,804	166,471	1,241,860	292,394	1,156	2,005,637

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20. 遞延稅項 (續)

遞延稅項資產及負債於年內的變動如下
(續) :

遞延稅項負債

20. DEFERRED TAX (Continued)

The movements in deferred tax assets and liabilities during the year are as follows: (Continued)

Deferred tax liabilities

		投資物業產生 的公平值調整 Fair value adjustment arising from investment properties 人民幣千元 RMB'000	物業、廠房及 設備產生的 公平值調整 Fair value adjustment arising from property, plant and equipment 人民幣千元 RMB'000	按公平值計入 損益的金融 資產產生的 公平值調整 Fair value adjustment arising from financial assets at fair value through profit or loss 人民幣千元 RMB'000	業務合併產生 的公平值調整 Fair value adjustment arising from business combination 人民幣千元 RMB'000	使用權資產 Right-of-use assets 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
於二零一七年十二月三十一日 及二零一八年一月一日	At 31 December 2017 and 1 January 2018	725,541	—	—	—	—	725,541
年內自損益扣除的 遞延稅項	Deferred tax charged to profit or loss during the year	36,141	—	13,275	—	—	49,416
收購附屬公司	Acquisition of subsidiaries	—	—	—	158,371	—	158,371
轉讓	Transfer	(64,947)	64,947	—	—	—	—
於二零一八年十二月三十一日	At 31 December 2018	696,735	64,947	13,275	158,371	—	933,328
採納國際財務報告準則第16號之影響	Effect of adoption of IFRS 16	—	—	—	—	25,448	25,448
於二零一九年一月一日 (重列)	At 1 January 2019 (restated)	696,735	64,947	13,275	158,371	25,448	958,776
年內自損益扣除的 遞延稅項	Deferred tax charged to profit or loss during the year	81,627	(3,085)	(13,275)	(18,831)	6,937	53,373
收購附屬公司 (附註38)	Acquisition of subsidiaries (note 38)	—	—	—	11,669	—	11,669
於二零一九年十二月三十一日	At 31 December 2019	778,362	61,862	—	151,209	32,385	1,023,818

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20. 遞延稅項 (續)

遞延稅項負債 (續)

就呈列而言，若干遞延稅項資產及負債已於綜合財務狀況表內抵銷。以下為就財務申報目的的遞延稅項結餘分析：

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
於綜合財務狀況表內確認的 遞延稅項資產淨值	Net deferred tax assets recognised in the consolidated statement of financial position	1,684,744	1,463,999
於綜合財務狀況表內確認的 遞延稅項負債淨值	Net deferred tax liabilities recognised in the consolidated statement of financial position	(702,925)	(699,591)
		981,819	764,408

根據《中華人民共和國企業所得稅法》，在中國內地成立的外商投資企業向海外投資者宣派的股息將徵收10%的預扣稅。該規定自二零零八年一月一日起生效並適用於二零零七年十二月三十一日後產生的盈利。倘中國內地與該外國投資者所處司法權區存在稅收協定，可採用較低預扣稅率。本集團須就該等在中國內地成立附屬公司就自二零零八年一月一日起產生的盈利所分派的股息繳納預扣稅。

於二零一九年十二月三十一日，並無就本集團於中國內地成立的附屬公司須繳納預扣稅的未匯出盈利應付的預扣稅確認任何遞延稅項。本公司董事認為，本集團的資金將就拓展本集團的經營而於中國內地保留，故該等附屬公司於可預見未來不可能分派有關盈利。與於並無確認遞延稅項負債的中國內地附屬公司的投資相關的暫時差異總額合共約為人民幣6,012,764,000元（二零一八年：人民幣5,280,614,000元）。

結轉稅項虧損乃按可能產生的未來應課稅溢利而實現的相關稅務利益而確認遞延稅項資產。

20. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2019, 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 of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB6,012,764,000 (2018: RMB5,280,614,000).

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable.

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21. 按公平值計入損益的金融資產

按公平值計量的上市股權投資
按公平值計量的尚未上市基金投資

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
按公平值計量的上市股權投資	Listed equity investments, at fair value	680,790	862,161
按公平值計量的尚未上市基金投資	Unlisted fund investments, at fair value	93,106	—
		773,896	862,161

於二零一九年十二月三十一日的上述股權投資乃持作買賣用途，因此被分類為按公平值計入損益的金融資產。

The above equity investments at 31 December 2019 were classified as financial assets at fair value through profit or loss as they were held for trading.

於二零一九年十二月三十一日，本集團總賬面值約人民幣670,170,000元（二零一八年：人民幣743,135,000）的按公平值計入損益的金融資產已質押，為本集團獲授的銀行及其他借款作抵押（附註30）。

At 31 December 2019, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately RMB670,170,000 (2018: RMB743,135,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

22. 開發中物業

22. PROPERTIES UNDER DEVELOPMENT

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
於一月一日的賬面值	Carrying amount at 1 January	63,588,003	40,802,768
採納國際財務報告準則第16號之影響	Effect of adoption of IFRS 16	967,858	—
於一月一日的賬面值（重列）	Carrying amount at 1 January (restated)	64,555,861	40,802,768
添置	Additions	47,325,284	22,125,860
轉撥自預付土地	Transferred from prepaid land		
租賃款項（附註15）	lease payments (note 15)	—	14,720,794
轉撥至持作出售	Transferred to completed		
已竣工物業（附註23）	properties held for sale (note 23)	(22,136,625)	(15,896,101)
轉撥至投資物業（附註14）	Transferred to investment properties (note 14)	(49,544)	(81,601)
收購附屬公司（附註38）	Acquisition of subsidiaries (note 38)	3,272,760	2,908,885
出售附屬公司（附註39）	Disposal of subsidiaries (note 39)	(6,552,510)	(1,082,358)
已確認減值虧損（附註6）	Impairment losses recognised (note 6)	(66,456)	(282,783)
轉撥至持作出售已竣工物業的減值虧損（附註23）	Impairment losses transferred to completed properties held for sale (note 23)	30,672	372,539
於十二月三十一日的賬面值	Carrying amount at 31 December	86,379,442	63,588,003

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22. 開發中物業 (續)

本集團的開發中物業位於中國內地的租賃土地上。

於二零一九年十二月三十一日，本集團總賬面值約人民幣56,639,223,000元（二零一八年：人民幣48,508,913,000元）的開發中物業已質押，為本集團獲授的銀行及其他借款作抵押（附註30）。本集團總賬面值約人民幣200,000,000元的開發中物業已質押，為第三方獲授的銀行及其他借款作抵押（二零一八年：無）。

開發中物業的減值撥備變動如下：

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
於一月一日的賬面值	Carrying amount at 1 January	—	89,756
已確認減值虧損（附註6）	Impairment losses recognised (note 6)	66,456	282,783
轉撥至持作出售已竣工物業的減值虧損（附註13）	Impairment losses transferred to completed properties held for sale (note 13)	(30,672)	(372,539)
於十二月三十一日的賬面值	Carrying amount at 31 December	35,784	—

開發中物業的價值於報告期末評估。倘賬面值超過其可收回金額（即其公平值減出售成本的較高者），則視為已減值。公平值減出售成本按自同類資產公平交易中具約束力的銷售交易的可得數據或可觀察市價減出售資產的增量成本計算。

22. PROPERTIES UNDER DEVELOPMENT (Continued)

The Group's properties under development are situated on leasehold lands in Mainland China.

At 31 December 2019, the Group's properties under development with an aggregate carrying amount of approximately RMB56,639,223,000 (2018: RMB48,508,913,000) were pledged to secure bank and other borrowings granted to the Group (note 30). The Group's properties under development with an aggregate carrying amount of RMB200,000,000 were pledged to secure bank and other borrowings granted to a third party (2018: Nil).

The movements in provision for impairment of properties under development are as follows:

The value of properties under development is assessed at the end of the reporting period. An impairment exists when the carrying value exceeds the recoverable amount, which is the higher of its fair value less costs of disposal. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

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23. 持作出售已竣工物業

23. COMPLETED PROPERTIES HELD FOR SALE

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
於一月一日的賬面值	Carrying amount at 1 January	11,433,470	16,103,145
轉撥自開發中 物業(附註22)	Transferred from properties under development (note 22)	22,136,625	15,896,101
轉撥至銷售成本(附註6)	Transferred to cost of sales (note 6)	(26,140,970)	(20,274,343)
轉撥至物業、廠房及 設備(附註13)	Transferred to property, plant and equipment (note 13)	—	(105,402)
減值虧損撇銷(附註6)	Impairment losses written off (note 6)	227,701	186,508
轉撥自開發中物業的 減值虧損(附註22)	Impairment losses transferred from properties under development (note 22)	(30,672)	(372,539)
於十二月三十一日的賬面值	Carrying amount at 31 December	7,626,154	11,433,470

於二零一九年十二月三十一日，本集團總賬面值約人民幣998,765,000元(二零一八年：人民幣1,503,533,000元)的持作出售已竣工物業已質押，為本集團獲授的銀行及其他借款作抵押(附註30)。

As at 31 December 2019, the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB998,765,000 (2018: RMB1,503,533,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

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23. 持作出售已竣工物業 (續)

持作出售已竣工物業的減值撥備變動如下：

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
於一月一日的賬面值	Carrying amount at 1 January	264,988	78,957
減值虧損撇銷 (附註6)	Impairment losses written off (note 6)	(227,701)	(186,508)
轉撥自開發中物業的 減值虧損 (附註22)	Impairment losses transferred from properties under development (note 22)	30,672	372,539
於十二月三十一日的賬面值	Carrying amount at 31 December	67,959	264,988

持作出售已竣工物業的價值於各報告期末評估。倘賬面值超過可收回金額 (即其公平值減出售成本的較高者)，則視為已減值。公平值減出售成本按自同類資產公平交易中具約束力的銷售交易的可得數據或可觀察市價減出售資產的增量成本計算。

23. COMPLETED PROPERTIES HELD FOR SALE (Continued)

The movements in provision for impairment of completed properties held for sale are as follows:

The value of completed properties held for sale is assessed at the end of each reporting period. An impairment exists when the carrying value exceeds the recoverable amount, which is the higher of its fair value less costs of disposal. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

24. 貿易應收款項

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
貿易應收款項	Trade receivables	66,293	34,151
減值	Impairment	—	—
		66,293	34,151

24. TRADE RECEIVABLES

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24. 貿易應收款項 (續)

貿易應收款項主要指應收租戶租金。本集團尋求對其未回應收款項維持嚴格控制。管理層會定期審閱逾期結餘。鑒於以上所述及本集團的貿易應收款項涉及大量分散客戶的事實，並無重大信用風險集中狀況。

貿易應收款項無抵押且不計息。貿易應收款項的賬面值與其公平值相若。於各報告期末基於發票日期的貿易應收款項賬齡分析如下：

一年內	Less than 1 year
一年以上	Over 1 year

24. TRADE RECEIVABLES (Continued)

Trade receivables mainly represent rentals receivable from tenants. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
一年內	Less than 1 year	57,772	33,432
一年以上	Over 1 year	8,521	719
		66,293	34,151

既未逾期亦未減值的應收款項涉及大量無近期違約記錄的多元化客戶。

本集團根據國際財務報告準則第9號的規定應用簡易法為預期信貸虧損計提撥備，該準則允許所有貿易應收款項採用整個存續期的預期虧損撥備。為計算預期信貸虧損，貿易應收款項已根據共享信用風險特徵及逾期日數分類。貿易應收款項的預期虧損率評估為0.1%。根據對預期虧損率和賬面總額的評估，本公司董事認為，有關該等結餘的預期信貸虧損被視為並不重大，因此並無就其進行虧損津貼撥備。

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables is assessed to be 0.1%. Based on evaluation on the expected loss rate and gross carrying amount, the directors of the Company are of the opinion that the ECL in respect of these balances is considered to be immaterial and therefore there has not been a loss allowance provision.

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25. 預付款項、其他應收款項及其他資產

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
與土地使用權有關的預付款項	Prepayments related to land use rights	2,384,636	5,033,898
按金	Deposits	2,168,928	1,321,197
收購土地使用權的 預付款項	Prepayments for acquisition of land use rights	1,865,408	—
其他可收回稅項	Other tax recoverable	2,259,873	2,105,124
應收附屬公司	Due from non-controlling		
非控股股東款項	shareholders of subsidiaries	4,418,306	3,964,789
建築成本預付款項	Prepayments for construction cost	224,592	158,239
應收出售附屬公司的代價 (附註39)	Consideration receivable of disposal of subsidiaries (note 39)	11,962	—
投資附屬公司預付款項	Prepayments for investments in subsidiaries	60,120	—
投資合營企業及 聯營公司預付款項	Prepayments for investments in joint ventures and associates	60,000	—
其他應收款項	Other receivables	204,824	176,610
		13,658,649	12,759,857
減值	Impairment	(4,623)	(4,141)
		13,654,026	12,755,716
減：即期部份	Less: Current portion	13,533,906	12,755,716
非即期部份	Non-current portion	120,120	—

預付款項、其他應收款項及其他資產的減值撥備變動如下：

The movements in provision for impairment of prepayments, other receivables and other assets are as follows:

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
於一月一日的賬面值	Carrying amount at 1 January	4,141	—
已確認減值虧損(附註6)	Impairment losses recognised (note 6)	482	4,141
於十二月三十一日的賬面值	Carrying amount at 31 December	4,623	4,141

預付款項、其他應收款項及其他資產為無抵押、不計息且無固定還款期限。

Prepayments, other receivables and other assets are unsecured, non-interest-bearing and have no fixed terms of repayment.

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25. 預付款項、其他應收款項及其他資產 (續)

應收附屬公司非控股股東款項及其他按金進行內部信用評級。本集團已評估該等應收款項之信用風險自初始確認以來並無大幅增加。該等應收款項的預期虧損率評估為0.1%。本集團已評估預期虧損率及賬面總額，並按預期十二個月之預期信貸虧損計量減值，並評估於二零一九年十二月三十一日預期信貸虧損為人民幣4,623,000元(二零一八年：人民幣4,141,000)。

26. 現金及現金等價物、受限制現金及已質押存款

現金及銀行結餘
減：受限制現金
已抵押存款

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

The internal credit rating of amounts due from non-controlling shareholders of subsidiaries and other deposits was performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that the expected credit losses were RMB4,623,000 as at 31 December 2019 (2018: RMB4,141,000).

26. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
現金及銀行結餘	Cash and bank balances	35,306,808	28,368,549
減：受限制現金	Less: Restricted cash	5,137,032	4,866,036
已抵押存款	Pledged deposits	1,801,205	963,560
現金及現金等價物	Cash and cash equivalents	28,368,571	22,538,953

根據有關中國法規，本集團的若干房地產開發公司須將若干現金款項存置於指定銀行賬戶作特定用途。於二零一九年十二月三十一日，該部分的受限制現金為人民幣4,137,032,000元(二零一八年：人民幣2,748,556,000元)。於二零一九年十二月三十一日，受限制現金包括定期存款人民幣1,000,000,000元(二零一八年：人民幣2,117,480,000元)，乃於本集團獲得時於三個月後到期及按定期存款利率賺取利息。

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in the designated bank accounts for a specified use. As at 31 December 2019, the restricted cash for this part amounted to RMB4,137,032,000 (2018: RMB2,748,556,000). As at 31 December 2019, the restricted cash included time deposits amounting to RMB1,000,000,000 (2018: RMB2,117,480,000), which would mature in more than three months when acquired by the Group and earn interest at the time deposit rates.

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26. 現金及現金等價物、受限制現金及已質押存款 (續)

於二零一九年十二月三十一日，為數人民幣1,801,205,000元（二零一八年：人民幣963,560,000元）的銀行存款已質押，作為買方按揭貸款、項目建設的抵押品，或質押予銀行作為發行銀行承兌票據的抵押品。

26. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS (Continued)

As at 31 December 2019, bank deposits of RMB1,801,205,000 (2018: RMB963,560,000) were pledged as security for purchasers' mortgage loans, construction of projects, or pledged to banks as collateral for issuance of bank acceptance notes.

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
現金及現金等價物	Cash and cash equivalents		
以人民幣計值	Denominated in RMB	15,264,617	19,137,290
以美元計值	Denominated in US\$	12,613,249	3,381,741
以港元計值	Denominated in HK\$	490,620	19,834
以新加坡元計值	Denominated in SGD	85	88
		28,368,571	22,538,953

人民幣不得自由兌換為其他貨幣，但根據中國內地的《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團可通過獲授權進行外匯業務的銀行將人民幣兌換為其他貨幣。

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.

銀行現金根據每日銀行存款利率按浮動利率計息。銀行結餘存於無近期違約記錄的信譽可靠的銀行。現金及現金等價物的賬面值與其公平值相若。

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

於二零一九年十二月三十一日，本集團正對受限制現金、已質押存款及現金及現金等價物進行內部信用評級。本集團已評估受限制現金、已質押存款及現金及現金等價物之信用風險自初始確認以來並無大幅增加，並按十二個月之預期信貸虧損計量減值，且已評估預期信貸虧損並不重大。

As at 31 December 2019, the internal credit rating of restricted cash, pledged deposits and cash and cash equivalents was performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

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27. 貿易應付款項及應付票據

於報告期末，基於發票日期的本集團貿易應付款項及應付票據賬齡分析如下：

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
一年內	Within 1 year	16,494,363	8,115,173
一年以上	Over 1 year	258,252	97,370
		16,752,615	8,212,543

貿易應付款項為無抵押及免息，一般基於工程進度結算。

27. TRADE AND BILLS PAYABLES

An ageing analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

The trade payables are unsecured and are normally settled based on the progress of construction.

28. 其他應付款項及應計費用

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
與土地使用權有關的按金	Deposits related to land use rights	1,215,452	1,992,577
附屬公司非控股股東 墊款	Advances from non-controlling shareholders of subsidiaries	6,531,535	2,181,899
建築相關留置 按金	Retention deposits related to construction	724,592	377,638
應付利息	Interest payable	135,801	119,067
應付工資及福利	Payroll and welfare payable	266,461	248,924
物業銷售相關按金	Deposits related to sales of properties	105,297	161,958
營業稅及附加	Business tax and surcharges	322,371	185,937
維修基金	Maintenance fund	104,242	119,607
資產支持證券 所得款項(附註)	Proceeds from asset-backed securities (Note)	3,346,334	3,285,661
其他	Others	141,633	62,362
		12,893,718	8,735,630
減：即期部份	Less: current portion	10,571,875	5,449,969
非即期部份	Non-current portion	2,321,843	3,285,661

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28. 其他應付款項及應計費用 (續)

附註：結餘指由中國內地金融機構建立的特殊目的實體（「特殊目的實體」）就發行資產支持證券收取的所得款項，而本集團將銷售物業餘下收益的若干未來貿易應收款項作抵押。根據本集團及特殊目的實體的分配協議，本集團自客戶收取銷售所得款項時，本集團將匯出其代表特殊目的實體收取的任何現金流量。於二零一九年十二月三十一日，資產支持證券所得款項之即期部分為人民幣1,024,491,000元（二零一八年：無），非即期部分為人民幣2,321,843,000元（二零一八年：人民幣3,285,661,000元）。

除資產支持證券所得款項外，來自附屬公司非控股股東的其他應付款項及墊款無抵押、不計息並應按要償還。其他應付款項於各報告期末的公平值與其相應的眼面值相若。

29. 合約負債

合約負債詳情如下：

合約負債

本集團根據物業銷售或租賃合約所載的結算安排收取客戶的付款。付款通常在合約履行之前收取，主要來自房地產開發、銷售及租賃。

於二零一九年十二月三十一日，分配至餘下履約責任（未履行或部分未履行）的交易價為人民幣51,584,878,000元。管理層預計，有關款項57%及43%的金額將分別於一年內及一年後於損益內確認。上文所披露金額不包括與本集團的客戶合約（原本期限為一年或以下）相關未履行的履約責任。

所有物業管理服務及管理諮詢服務的期限均為一年或以下。按照國際財務報告準則第15號所允許，並未披露分配至該等未履行合約的交易價。

28. OTHER PAYABLES AND ACCRUALS (Continued)

Note: The balance represented proceeds received from a special purpose entity ("SPE") set up by a financial institution in Mainland China for issuance of asset-backed securities, to which the Group has collateralised certain future trade receivables for the remaining receipts from sales of properties. Under an assignment arrangement between the Group and the SPE, as and when the Group receives the sales proceeds from customers, the Group would remit any cash flows it collects on behalf of the SPE. As at 31 December 2019, the current portion of the proceeds from asset-backed securities was RMB1,024,491,000 (2018: Nil) and the non-current portion was RMB2,321,843,000 (2018: RMB3,285,661,000).

Except for the proceeds from asset-backed securities, other payables and advances from non-controlling shareholders of subsidiaries are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of each of the reporting periods approximated to their corresponding carrying amounts.

29. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
合約負債	38,797,781	47,149,486

The Group receives payments from customers based on billing schedules as established in the property sales or rental contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales and rental.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 amounting to RMB51,584,878,000. Management expects that 57% and 43% of the amount will be recognised in profit or loss within one year and more than one year respectively. The amount disclosed above does not include unsatisfied performance obligation that were related to the Group's contracts with customers with an original duration of one year or less.

All property management services and management consulting services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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30. 計息銀行及其他借款

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	二零一九年十二月三十一日 31 December 2019			二零一八年十二月三十一日 31 December 2018		
	實際利率(%) Effective interest rate (%)	到期日 Maturity	人民幣千元 RMB' 000	實際利率(%) Effective interest rate (%)	到期日 Maturity	人民幣千元 RMB' 000
即期						
Current						
銀行貸款 – 有抵押	6.0-8.0	二零二零年	312,740	6.0	二零一九年	80,000
Bank loans – secured		2020			2019	
銀行貸款 – 無抵押	5.2-6.5	二零二零年	69,871	—	—	—
Bank loans – unsecured		2020				
其他貸款 – 有抵押	7	二零二零年	490,000	4.5-10.8	二零一九年	5,292,063
Other loans – secured		2020			2019	
其他貸款 – 無抵押	7-13	二零二零年	1,718,688	9.5	二零一九年	15,900
Other loans – unsecured		2020			2019	
長期銀行貸款的即期部份 – 有抵押	4.8-8.5	二零二零年	5,420,954	4.3-10.4	二零一九年	8,379,839
Current portion of long term bank loans – secured		2020			2019	
長期銀行貸款的即期部份 – 無抵押	4.8-8.9	二零二零年	454,782	4.8-8.4	二零一九年	832,643
Current portion of long term bank loans – unsecured		2020			2019	
長期其他貸款的即期部份 – 有抵押	6.2-11.3	二零二零年	4,123,401	5.5-15.1	二零一九年	5,185,600
Current portion of long term other loans – secured		2020			2019	
長期其他貸款的即期部份 – 無抵押	8.4-12	二零二零年	1,943,700	7.4-8.0	二零一九年	1,843,165
Current portion of long term other loans – unsecured		2020			2019	
			16,565,462			21,629,210
非即期						
Non-current						
銀行貸款 – 有抵押	4.8-8.5	二零三三年	16,551,576	4.0-10.4	二零三三年	11,655,746
Bank loans – secured		2033			2033	
銀行貸款 – 無抵押	4.8-8.9	二零二三年	1,541,086	5.0-8.9	二零二二年	583,896
Bank loans – unsecured		2023			2022	
其他貸款 – 有抵押	6.2-11.3	二零二二年	3,211,344	7.0-10.5	二零二一年	4,066,849
Other loans – secured		2022			2021	
其他貸款 – 無抵押	9.0-12	二零二一年	478,980	10.3	二零二零年	234,888
Other loans – unsecured		2021			2020	
			21,782,986			16,541,379
			36,317,122			38,170,589

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30. 計息銀行及其他借款 (續)

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
分析為：	Analysed into:		
須於一年內償還	Repayable within one year	14,534,136	21,629,210
須於第二年償還	Repayable in the second year	13,064,966	11,635,570
須於第三至第五年償還	Repayable in the third to fifth years	7,854,534	4,905,809
須於五年後償還	Repayable in more than five years	863,486	—
小計	Subtotal	21,782,986	16,541,379
		36,317,122	38,170,589

本集團的若干銀行及其他借款由質押以下於報告期末賬面值如下的資產作抵押：

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of the reporting period as follows:

		二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000	二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000
投資物業 (附註14)	Investment properties (note 14)	4,315,382	4,005,124
預付土地租賃款項 (附註15)	Prepaid land lease payments (note 15)	—	344,034
使用權資產 (附註16)	Right-of-use assets (note 16)	260,979	—
於合營企業的投資 (附註18)	Investments in joint ventures (note 18)	—	54,592
開發中物業 (附註22)	Properties under development (note 22)	56,639,223	48,508,913
按公平值計入損益的 金融資產 (附註21)	Financial assets at fair value through profit or loss (note 21)	670,170	743,135
物業、廠房及設備 (附註13)	Property, plant and equipment (note 13)	250,953	515,699
持作出售 已竣工物業 (附註23)	Completed properties held for sale (note 23)	998,765	1,503,533
受限制現金	Restricted cash	—	298,000

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30. 計息銀行及其他借款 (續)

於二零一九年十二月三十一日，本集團已質押為數人民幣2,534,472,000元(二零一八年：人民幣1,044,310,000元)的有關已售物業的未來所得款項，作為取得為數人民幣1,684,401,000元(二零一八年：人民幣1,894,900,000元)的銀行及其他借款的抵押品。

於二零一九年十二月三十一日，本集團附屬公司非控股股東已就本集團若干銀行貸款人民幣2,640,082,700元(二零一八年：人民幣1,432,829,000元)作出擔保。

本公司管理層已評估，計息銀行及其他借款的公平值與其賬面值相若，在很大程度上是由於該等借款乃基於現行市場利率於本集團與獨立第三方金融機構間作出。

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

As at 31 December 2019, the Group has pledged future proceeds in respect of properties sold amounting to RMB2,534,472,000(2018: RMB1,044,310,000) as collateral to secure bank and other borrowings amounting to RMB1,684,401,000 (2018: RMB1,894,900,000).

As at 31 December 2019, the non-controlling shareholders of the Group's subsidiaries have guaranteed certain of the Group's bank loans amounting to RMB2,640,082,700 (2018: RMB1,432,829,000).

The management of the Company has assessed that the fair values of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

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31. 優先票據

31. SENIOR NOTES

		二零一九年十二月三十一日 31 December 2019				二零一八年十二月三十一日 31 December 2018			
		原貨幣本金 Principal at original currency '000	合約利率(%) Contractual interest rate (%)	到期日 Maturity	人民幣千元 RMB'000	原貨幣本金 Principal at original currency '000	合約利率(%) Contractual interest rate (%)	到期日 Maturity	人民幣千元 RMB'000
二零一九年到期之優先票據 (「二零一九年票據I」)	Senior notes due 2019 ("2019 Notes")	160,000千美元 US\$160,000	8.5%	二零一九年 2019	—	160,000千美元 US\$160,000	8.5%	二零一九年 2019	1,094,198
二零二零年到期之優先票據I (「二零二零年票據I」)	Senior notes due 2020 I ("2020 Notes I")	250,000千美元 US\$250,000	10.5%	二零二零年 2020	1,735,427	250,000千美元 US\$250,000	10.5%	二零二零年 2020	1,674,411
二零二一年到期之優先票據I (「二零二一年票據I」)	Senior notes due 2021 I ("2021 Notes I")	280,000千美元 US\$280,000	12.5%	二零二一年 2021	1,938,778	280,000千美元 US\$280,000	12.5%	二零二一年 2021	1,921,453
二零二一年到期之優先票據II (「二零二一年票據II」)	Senior notes due 2021 II ("2021 Notes II")	70,000千美元 US\$70,000	12.5%	二零二一年 2021	497,326	70,000千美元 US\$70,000	12.5%	二零二一年 2021	480,763
二零二零年到期之優先票據II (「二零二零年票據II」)	Senior notes due 2020 II ("2020 Notes II")	150,000千美元 US\$150,000	10.5%	二零二零年 2020	1,042,480	—	—	—	—
二零二一年到期之優先票據III (「二零二一年票據III」)	Senior notes due 2021 III ("2021 Notes III")	230,000千美元 US\$230,000	9.8%	二零二零年 2020	1,627,492	—	—	—	—
二零二二年到期之優先票據I (「二零二二年票據I」)	Senior notes due 2022 I ("2022 Notes")	200,000千美元 US\$200,000	9.15%	二零二零年 2020	1,343,792	—	—	—	—
二零二三年到期之優先票據I (「二零二三年票據I」)	Senior notes due 2023 I ("2023 Notes I")	420,000千美元 US\$420,000	8.65%	二零二三年 2023	3,005,110	—	—	—	—
二零二二年到期之優先票據II (「二零二二年票據II」)	Senior notes due 2022 II ("2022 Notes II")	110,000千美元 US\$110,000	9.15%	二零二二年 2022	790,937	—	—	—	—
二零二二年到期之優先票據III (「二零二二年票據III」)	Senior notes due 2022 III ("2022 Notes III")	300,000千美元 US\$300,000	8.7%	二零二二年 2022	2,073,810	—	—	—	—
二零二三年到期之優先票據II (「二零二三年票據II」)	Senior notes due 2023 II ("2023 Notes II")	300,000千美元 US\$300,000	9.15%	二零二三年 2023	2,083,665	—	—	—	—
二零二零年到期之優先票據IV (「二零二零年票據IV」)	Senior notes due 2020 IV ("2020 Notes IV")	人民幣 700,000千元 RMB700,000	8%	二零二零年 2020	704,227	—	—	—	—
					16,843,044				
減：即期部份	Less: current portion				3,482,134				
非即期部份	Non-current portion				13,360,910	4,076,627			

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二零一九年十二月三十一日
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31. 優先票據 (續)

31. SENIOR NOTES (Continued)

		二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000	二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000
本集團應償還的 優先票據如下：	The Group's senior notes were repayable as follows:		
須於一年內償還	Repayable within one year	3,482,134	1,094,198
須於第二年償還	Repayable in the second year	4,063,596	1,674,411
須於第三至第五年償還	Repayable in the third to fifth years	9,297,314	2,402,216
總計	Total	16,843,044	5,170,825

二零一九年票據

2019 Notes

於二零一八年五月十一日，本公司發行本金總額為160,000,000美元的二零一九年票據，票面利率為8.5%，並於二零一九年內到期。本公司籌得所得款項淨額153,715,000美元（經扣除包銷折扣及佣金以及其他開支）。於二零一九年五月十日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零一九年票據。贖回價詳情於相關發售備忘錄內披露。

On 11 May 2018, the Company issued the 2019 Notes at a coupon rate of 8.5% due 2019 with an aggregate principal amount of US\$160,000,000. The Company raised net proceeds of US\$153,715,000 (after deduction of an underwriting discount and commissions and other expenses). At any time prior to 10 May 2019, the Company may at its option redeem the 2019 Notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

於二零一九年二月二十五日，本公司回購二零一九年票據的尚未償還本金額以及應計及未付利息。

On 25 February 2019, the Company repurchased the outstanding principal amount of the 2019 Notes with accrued and unpaid interest.

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二零一九年十二月三十一日
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31. 優先票據 (續)

二零二零年票據I & II

於二零一八年六月二十八日，本公司發行本金總額為250,000,000美元的二零二零年票據I，票面利率為10.5%，並於二零二零年內到期。本公司籌得所得款項淨額242,757,000美元（經扣除包銷折扣及佣金以及其他開支）。

於二零一九年一月二十三日，本公司發行本金總額為150,000,000美元的二零二零年票據II，票面利率為10.5%，並於二零二零年內到期。本公司籌得所得款項淨額149,161,000美元（經扣除包銷折扣及佣金以及其他開支）。

於二零二零年六月二十八日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二零年票據I & II。贖回價詳情於相關發售備忘錄內披露。

二零二一年票據I & II

於二零一八年十月二日，本公司發行本金總額為280,000,000美元的二零二一年票據I，票面利率為12.5%，並於二零二一年到期。本公司籌得所得款項淨額270,301,000美元（經扣除包銷折扣及佣金以及其他開支）。

於二零一八年十月二十五日，本公司發行本金總額為70,000,000美元的二零二一年票據II，票面利率為12.5%，並於二零二一年到期。本公司籌得所得款項淨額68,314,000美元（經扣除包銷折扣及佣金以及其他開支）。

於二零二一年一月二日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二一年票據I & II。贖回價詳情於相關發售備忘錄內披露。

31. SENIOR NOTES (Continued)

2020 Notes I & II

On 28 June 2018, the Company issued the 2020 Notes I at a coupon rate of 10.5% due 2020 with an aggregate principal amount of US\$250,000,000. The Company raised net proceeds of US\$242,757,000 (after deduction of an underwriting discount and commissions and other expenses).

On 23 January 2019, the Company issued the 2020 Notes II at a coupon rate of 10.5% due within 2020 with an aggregate principal amount of US\$150,000,000. The Company raised net proceeds of US\$149,161,000 (after deduction of underwriting discounts and commissions and other expenses).

At any time and from time to time prior to 28 June 2020, the Company may at its option redeem the 2020 Notes I & II at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

2021 Notes I & II

On 2 October 2018, the Company issued the 2021 Notes I at a coupon rate of 12.5% due within 2021 with an aggregate principal amount of US\$280,000,000. The Company raised net proceeds of US\$270,301,000 (after deduction of underwriting discounts and commissions and other expenses).

On 25 October 2018, the Company issued the 2021 Notes II at a coupon rate of 12.5% due within 2021 with an aggregate principal amount of US\$70,000,000. The Company raised net proceeds of US\$68,314,000 (after deduction of underwriting discounts and commissions and other expenses).

At any time and from time to time prior to 2 January 2021, the Company may at its option redeem the 2021 Notes I & II at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

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31. 優先票據 (續)

二零二一年票據III

於二零一九年二月二十日，本公司發行本金總額為230,000,000美元的二零二一年票據III，票面利率為9.8%，並於二零二一年到期。本公司籌得所得款項淨額222,770,000美元（經扣除包銷折扣及佣金以及其他開支）。於二零二一年八月二十日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二一年票據III。贖回價詳情於相關發售備忘錄內披露。

二零二二年票據I & II

於二零一九年三月八日，本公司發行本金總額為200,000,000美元的二零二二年票據I，票面利率為9.15%，並於二零二二年到期。本公司籌得所得款項淨額193,558,000美元（經扣除包銷折扣及佣金以及其他開支）。

於二零一九年八月十九日，本公司發行本金總額為110,000,000美元的二零二二年票據II，票面利率為9.15%，並於二零二二年到期。本公司籌得所得款項淨額114,761,000美元（經扣除包銷折扣及佣金以及其他開支）。

於二零二二年三月八日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二二年票據I & II。贖回價詳情於相關發售備忘錄內披露。

31. SENIOR NOTES (Continued)

2021 Notes III

On 20 February 2019, the Company issued the 2021 Notes III at a coupon rate of 9.8% due within 2021 with an aggregate principal amount of US\$230,000,000. The Company raised net proceeds of US\$222,770,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 20 August 2021, the Company may at its option redeem the 2021 Notes III at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

2022 Notes I & II

On 8 March 2019, the Company issued the 2022 Notes I at a coupon rate of 9.15% due within 2022 with an aggregate principal amount of US\$200,000,000. The Company raised net proceeds of US\$193,558,000 (after deduction of underwriting discounts and commissions and other expenses).

On 19 August 2019, the Company issued the 2022 Notes II at a coupon rate of 9.15% due within 2022 with an aggregate principal amount of US\$110,000,000. The Company raised net proceeds of US\$114,761,000 (after deduction of underwriting discounts and commissions and other expenses).

At any time and from time to time prior to 8 March 2022, the Company may redeem the 2022 Notes I & II at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

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31 December 2019

31. 優先票據 (續)

二零二三年票據I

於二零一九年四月三日，本公司發行本金總額為420,000,000美元的二零二三年票據I，票面利率為8.65%，並於二零二三年到期。本公司籌得所得款項淨額415,621,000美元（經扣除包銷折扣及佣金以及其他開支）。於二零二三年一月二十一日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二三年票據I。贖回價詳情於相關發售備忘錄內披露。

二零二二年票據III

於二零一九年十月三日，本公司發行本金總額為300,000,000美元的二零二二年票據III，票面利率為8.7%，並於二零二二年到期。本公司籌得所得款項淨額293,962,000美元（經扣除包銷折扣及佣金以及其他開支）。於二零二二年八月三日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二二年票據III。贖回價詳情於相關發售備忘錄內披露。

二零二三年票據II

於二零一九年十一月六日，本公司發行本金總額為300,000,000美元的二零二三年票據II，票面利率為9.15%，並於二零二三年到期。本公司籌得所得款項淨額296,629,000美元（經扣除包銷折扣及佣金以及其他開支）。於二零二三年五月六日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二三年票據II。贖回價詳情於相關發售備忘錄內披露。

31. SENIOR NOTES (Continued)

2023 Notes I

On 3 April 2019, the Company issued the 2023 Notes I at a coupon rate of 8.65% due within 2023 with an aggregate principal amount of US\$420,000,000. The Company raised net proceeds of US\$415,621,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 21 January 2023, the Company may redeem the 2023 Notes I at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

2022 Notes III

On 3 October 2019, the Company issued the 2022 Notes III at a coupon rate of 8.7% due within 2022 with an aggregate principal amount of US\$300,000,000. The Company raised net proceeds of US\$293,962,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 3 August 2022, the Company may redeem the 2022 Notes III at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

2023 Notes II

On 6 November 2019, the Company issued the 2023 Notes II at a coupon rate of 9.15% due within 2023 with an aggregate principal amount of US\$300,000,000. The Company raised net proceeds of US\$296,629,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 6 May 2023, the Company may redeem the 2023 Notes II at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

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31. 優先票據 (續)

二零二零年票據IV

於二零一九年十一月十八日，本公司發行本金總額為人民幣700,000,000元的二零二零年票據IV，票面利率為8%，並於二零二零年到期。本公司籌得所得款項淨額人民幣697,342,000元（經扣除包銷折扣及佣金以及其他開支）。於二零二零年十一月十六日之前任何時間，本公司可選擇按預先釐定之贖回價贖回二零二零年票據IV。贖回價詳情於相關發售備忘錄內披露。

二零二零年票據I & II & IV、二零二一年票據I & II & III、二零二二年票據I & II & III及二零二三年票據I & II由本集團若干現有附屬公司擔保。

由於二零二零年票據I & II & IV、二零二一年票據I & II & III、二零二二年票據I & II & III及二零二三年票據I & II的提早贖回期權的公平值並不重大，因此本集團未於發行日期及二零一九年十二月三十一日確認該等公平值（二零一八年：無）。

31. SENIOR NOTES (Continued)

2020 Notes IV

On 18 November 2019, the Company issued the 2020 Notes IV at a coupon rate of 8% due within 2020 with an aggregate principal amount of RMB700,000,000. The Company raised net proceeds of RMB697,342,000 (after deduction of underwriting discounts and commissions and other expenses). At any time and from time to time prior to 16 November 2020, the Company may redeem the 2020 Notes IV at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The 2020 Notes I & II & IV, the 2021 Notes I & II & III, the 2022 Notes I & II & III and the 2023 Notes I & II are guaranteed by certain of the Group's existing subsidiaries.

The fair values of the early redemption options of the 2020 Notes I & II & IV, the 2021 Notes I & II & III, the 2022 Notes I & II & III and the 2023 Notes I & II were not significant and therefore were not recognised by the Group on inception and at 31 December 2019 (2018: Nil).

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二零一九年十二月三十一日

31 December 2019

32. 公司債券

32. CORPORATE BONDS

		二零一九年 一月一日 期初結餘 1 January 2019					二零一九年 十二月三十一日 期末結餘 31 December 2019
		Opening balance	已發行 Issued	利息開支 Interest expense	付款 Payment	Closing balance	
債券名稱 Name of bonds		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	
正榮債券I	Zhenro Bond I	1,115,788	—	71,559	1,187,347	—	
正榮債券II	Zhenro Bond II	2,034,399	—	139,774	150,000	2,024,173	
正榮債券III	Zhenro Bond III	—	347,375	11,862	—	359,237	
正榮債券IV	Zhenro Bond IV	—	1,095,050	14,326	—	1,109,376	
正榮債券V	Zhenro Bond V	—	1,045,275	10,070	—	1,055,345	
正榮債券VI	Zhenro Bond VI	—	945,725	11,447	—	957,172	
		3,150,187	3,433,425	259,038	1,337,347	5,505,303	

		二零一八年 一月一日 期初結餘 1 January 2018					二零一八年 十二月三十一日 期末結餘 31 December 2019
		Opening balance	已發行 Issued	利息開支 Interest expense	付款 Payment	Closing balance	
債券名稱 Name of bonds		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	
正榮債券I	Zhenro Bond I	2,002,359	—	133,874	1,020,445	1,115,788	
正榮債券II	Zhenro Bond II	—	1,994,500	39,899	—	2,034,399	
		2,002,359	1,994,500	173,773	1,020,445	3,150,187	

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二零一九年十二月三十一日
31 December 2019

32. 公司債券 (續)

各年度末，本集團應償還的公司債券如下：

		二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000	二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000
須於一年內償還	Repayable within one year	2,024,173	1,115,788
須於第二年償還	Repayable in the second year	2,425,785	2,034,399
須於三至五年內償還	Repayable in the third to fifth years	1,055,345	–
		5,505,303	3,150,187

正榮債券I & II

於二零一六年十月十日，本集團的全資附屬公司江西省正榮房地產開發有限公司（「江西房地產」）發行本金額為人民幣2,000,000,000元的三年期公司債券（「正榮債券I」），債券於上海證券交易所上市。正榮債券I以人民幣計值並按年利率6.4%計息，應自二零一七年十月十日起於每年的十月十日或最接近十月十日的營業日按年支付。經扣除發行成本後，本集團因發行收取所得款項淨額人民幣1,957,790,000元。於二零一八年十月，已支付本金人民幣892,400,000元且利率調整至7.2%。剩餘本金人民幣1,107,600,000元已於年內全數償還。

32. CORPORATE BONDS (Continued)

As at the end of each of the years, the Group's corporate bonds were repayable as follows:

		二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000	二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000
Repayable within one year		2,024,173	1,115,788
Repayable in the second year		2,425,785	2,034,399
Repayable in the third to fifth years		1,055,345	–
		5,505,303	3,150,187

Zhenro Bond I & II

On 10 October 2016, Jiangxi Zhenro Real Estate Development Co., Ltd. ("Jiangxi Real Estate"), a wholly-owned subsidiary of the Group issued a three-year corporate bond with a principal amount of RMB2,000,000,000 ("Zhenro Bond I"), which was listed on the Shanghai Stock Exchange. Zhenro Bond I is denominated in RMB and bears interest at a rate of 6.4% per annum, payable annually in arrears on or on the business day nearest to 10 October of each year, beginning 10 October 2017. After deducting the issuance costs, the Group received net proceeds of RMB1,957,790,000 from the issuance. In October 2018, a principal amount of RMB892,400,000 was repaid and the interest rate was adjusted to 7.2%. The remaining principal amount of RMB1,107,600,000 was fully repaid during the year.

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二零一九年十二月三十一日

31 December 2019

32. 公司債券 (續)

正榮債券I & II (續)

於二零一八年九月二十六日，江西房地產發行本金額為人民幣2,000,000,000元的三年期公司債券（「正榮債券II」），債券於深圳證券交易所上市。正榮債券II以人民幣計值並按年利率7.5%計息，應自二零一九年九月二十六日起於每年的九月二十六日或最接近九月二十六日的營業日按年支付。經扣除發行成本後，本集團因發行收取所得款項淨額人民幣1,994,500,000元。截至二零一八年及二零一九年十二月三十一日止年度的實際年利率分別為7.51%。

根據正榮債券II的條款，江西房地產可選擇於第二年末調整利率（剩餘期間將固定），且債券持有人可選擇於第二年末按相等於債券本金額100%另加截至購股權行使日期應計及未付利息的價格將債券全部或部份售回予江西房地產。因此於二零一九年十二月三十一日，正榮債券II須於一年內償還。

32. CORPORATE BONDS (Continued)

Zhenro Bond I & II (Continued)

On 26 September 2018, Jiangxi Real Estate, issued a three-year corporate bond with a principal amount of RMB2,000,000,000 ("Zhenro Bond II"), which was listed on the Shenzhen Stock Exchange. Zhenro Bond II is denominated in RMB and bears interest at a rate of 7.5% per annum, payable annually in arrears on or on the business day nearest to 26 September of each year, beginning 26 September 2019. After deducting the issuance costs, the Group received net proceeds of RMB1,994,500,000 from the issuance. The effective interest rate was 7.51% on an annual basis for the years ended 31 December 2018 and 2019, respectively.

According to the terms of Zhenro Bond II, Jiangxi Real Estate may at its option adjust the interest rate at the end of the second year which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to Jiangxi Real Estate at the end of the second year, in whole or in part, at a price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest to the option exercise date. Hence, Zhenro Bond II was repayable within one year as at 31 December 2019.

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二零一九年十二月三十一日

31 December 2019

32. 公司債券 (續)

正榮債券III & IV

於二零一九年六月四日，正榮地產控股股份有限公司（「正榮地產控股」）發行本金額為人民幣350,000,000元的三年期公司債券（「正榮債券III」），債券於上海證券交易所上市。正榮債券III以人民幣計值並按年利率6.8%計息，應自二零二零年六月十四日起於每年的六月十四日或最接近六月十四日的營業日按年支付。經扣除發行成本後，本集團因發行收取所得款項淨額人民幣347,375,000元。截至二零一九年十二月三十一日止年度的實際年利率為7.29%。

於二零一九年九月十八日，正榮地產控股發行本金額為人民幣1,100,000,000元的四年期公司債券（「正榮債券IV」），債券於上海證券交易所上市。正榮債券IV以人民幣計值並按年利率7.16%計息，應自二零二零年九月十八日起於每年的九月十八日或最接近九月十八日的營業日按年支付。經扣除發行成本後，本集團因發行收取所得款項淨額人民幣1,095,050,000元。截至二零一九年十二月三十一日止年度的實際年利率為7.52%。

根據正榮債券III及正榮債券IV的條款，正榮地產控股可選擇於第二年末調整利率（剩餘期間將固定），且債券持有人可選擇於第二年末按相等於債券本金額100%另加截至購股權行使日期應計及未付利息的價格將債券全部或部份售回予正榮地產控股。

32. CORPORATE BONDS (Continued)

Zhenro Bond III & IV

On 14 June 2019, Zhenro Property Holdings Company Limited (“Zhenro Property Holdings”), a wholly-owned subsidiary of the Group, issued a three-year corporate bond with a principal amount of RMB350,000,000 (“Zhenro Bond III”), which was listed on the Shanghai Stock Exchange. Zhenro Bond III is denominated in RMB and bears interest at a rate of 6.8% per annum, payable annually in arrears on or on the business day nearest to 14 June of each year, beginning 14 June 2020. After deducting the issuance costs, the Group received net proceeds of RMB347,375,000 from the issuance. The effective interest rate was 7.29% on an annual basis for the year ended 31 December 2019.

On 18 September 2019, Zhenro Property Holdings issued a four-year corporate bond with a principal amount of RMB1,100,000,000 (“Zhenro Bond IV”), which was listed on the Shanghai Stock Exchange. Zhenro Bond IV is denominated in RMB and bears interest at a rate of 7.16% per annum, payable annually in arrears on or on the business day nearest to 18 September of each year, beginning 18 September 2020. After deducting the issuance costs, the Group received net proceeds of RMB1,095,050,000 from the issuance. The effective interest rate was 7.52% on an annual basis for the year ended 31 December 2019.

According to the terms of Zhenro Bond III and Zhenro Bond IV, Zhenro Property Holdings may at its option adjust the interest rate at the end of the second year which will be fixed in the remaining period, and the bondholders may at their option sell the bonds back to Zhenro Property Holdings at the end of the second year, in whole or in part, at a price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest to the option exercise date.

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32. 公司債券 (續)

正榮債券V & VI

於二零一九年十一月四日，正榮地產控股發行本金額為人民幣1,050,000,000元的三年期公司債券（「正榮債券V」）。正榮債券V以人民幣計值並按年利率6.0%計息，應自二零二零年十一月四日起按年支付。經扣除發行成本後，本集團因發行收取所得款項淨額人民幣1,045,275,000元。截至二零一九年十二月三十一日止年度的實際年利率為6.17%。

於二零一九年十一月四日，正榮地產控股發行本金額為人民幣950,000,000元的兩年期公司債券（「正榮債券VI」）。正榮債券VI以人民幣計值並按年利率7.5%計息，應自二零二零年十一月四日起於每年年末支付。經扣除發行成本後，本集團因發行收取所得款項淨額人民幣945,725,000元。截至二零一九年十二月三十一日止年度的實際年利率為7.75%。

32. CORPORATE BONDS (Continued)

Zhenro Bond V & VI

On 4 November 2019, Zhenro Property Holdings issued a three –year corporate bond with a principal amount of RMB1,050,000,000 (“Zhenro Bond V”). Zhenro Bond V is denominated in RMB and bears interest at a rate of 6.0% per annum, payable annually in arrears, beginning 4 November 2020. After deducting the issuance costs, the Group received net proceeds of RMB1,045,275,000 from the issuance. The effective interest rate was 6.17% on an annual basis for the year ended 31 December 2019.

On 4 November 2019, Zhenro Property Holdings issued a two –year corporate bond with a principal amount of RMB950,000,000 (“Zhenro Bond VI”). The Zhenro Bond VI is denominated in RMB and bears interest at a rate of 7.5% per annum, payable annually in arrears, beginning 4 November 2020. After deducting the issuance costs, the Group received net proceeds of RMB945,725,000 from the issuance. The effective interest rate was 7.75% on an annual basis for the year ended 31 December 2019.

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32. 公司債券 (續)

正榮債券V & VI (續)

於初始確認後，公司債券其後採用實際利率法按攤銷成本計量。收益及虧損於終止確認負債時通過實際利率攤銷過程於損益內確認。

攤銷成本經計及任何收購折讓或溢價後計算，並包括屬於實際利率組成部份的各項費用或成本。實際利率攤銷計入損益的融資成本內。

於二零一九年十二月三十一日，公司債券的公平值為人民幣5,513,310,000元（二零一八年：人民幣3,102,152,000元）。公平值按債券於該等日期的市價計算。江西房地產發行的正榮債券I及正榮債券II及正榮地產控股發行的正榮債券III及正榮債券IV的公平值計量分類為公平值層級的第一級，原因是其於上海證券交易所或深圳證券交易所上市。正榮地產控股發行的正榮債券V及正榮債券VI的公平值計量分類為公平值層級的第二級，原因是其未上市。

33. 股本 股份

已發行及悉數繳足：

4,367,756,000股（二零一八年：
4,123,000,000股）每股面值0.00001美元
（二零一八年：每股面值0.00001美元）
的普通股

32. CORPORATE BONDS (Continued)

Zhenro Bond V & VI (Continued)

After initial recognition, the corporate bonds are subsequently measured at amortised cost, using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

As at 31 December 2019, the fair value of the corporate bonds was RMB5,513,310,000 (2018: RMB3,102,152,000). The fair value is calculated using the market price of the bonds on those dates. The fair value measurement of Zhenro Bond I and Zhenro Bond II issued by Jiangxi Real Estate and Zhenro Bond III and Zhenro Bond IV issued by Zhenro Property Holdings is categorised within level 1 of fair value hierarchy as they are listed on the Shanghai Stock Exchange or Shenzhen Stock Exchange. The fair value measurement of Zhenro Bond V and Zhenro Bond VI issued by Zhenro Property Holdings is categorised within level 2 of fair value hierarchy as they are not listed.

33. SHARE CAPITAL

Shares

	二零一九年 十二月三十一日 31 December 2019 美元 US\$	二零一八年 十二月三十一日 31 December 2018 美元 US\$
Issued and fully paid:		
4,367,756,000		
(2018: 4,123,000,000)		
ordinary shares of US\$0.00001		
each (2018: US\$0.00001 each)	43,678	41,230

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31 December 2019

33. 股本 (續)

股份 (續)

本公司股本變動概要如下：

33. SHARE CAPITAL (Continued)

Shares (Continued)

A summary of movements in the Company's share capital is as follows:

		已發行股份數目 Number of share in issue	股本 Share capital 人民幣千元 RMB'000
於二零一八年一月一日	At 1 January 2018	50,000	3
發行普通股	Issue of ordinary shares	1,000,000,000	64
資本化下發行之普通股	Issue of ordinary shares on capitalisation	2,999,950,000	190
超額配股權下發行之普通股	Issue of ordinary shares on an over-allotment option	123,000,000	8
於二零一八年十二月三十一日 及二零一九年一月一日	At 31 December 2018 and 1 January 2019	4,123,000,000	265
配售下發行之普通股	Issue of ordinary shares on placement	244,756,000	17
於二零一九年十二月三十一日	At 31 December 2019	4,367,756,000	282

於二零一八年一月十六日，本公司在香港聯交所上市後，按每股3.99港元發行1,000,000,000股每股面值0.00001美元的新普通股，總現金代價為3,990,000,000港元（相等於約人民幣3,282,573,000元）。相關股本金額約為人民幣64,000元，發行所得股份溢價約為人民幣3,200,124,000元（扣除股份發行成本）。已付及應付股份發行成本主要包括股份承銷佣金、律師費、申報會計師費用及其他相關成本，其為發行新股直接應佔新增成本。該等成本為數人民幣82,385,000元，自發行所產生的股份溢價中扣除。

On 16 January 2018, upon its listing on the Hong Kong Stock Exchange, the Company issued 1,000,000,000 new ordinary shares with par value US\$0.00001 each at HK\$3.99 per share for a total cash consideration of HK\$3,990,000,000 (equivalent to approximately RMB3,282,573,000). The respective share capital amount was approximately RMB64,000 and share premium arising from the issuance was approximately RMB3,200,124,000, net of share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, reporting accountants' fee and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB82,385,000 were treated as a deduction against the share premium arising from the issuance.

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33. 股本 (續)

股份 (續)

於二零一八年一月十六日，2,999,950,000股每股面值0.00001美元股份乃按資本化方式發行，相關股本金額約為人民幣190,000元。

於二零一八年二月二日，在香港聯交所上市後，超額配股權已獲部分行使，本公司按每股3.99港元配發及發行123,000,000股額外股份，總現金代價為490,770,000港元（相等於約人民幣394,643,000元）。相關股本金額約為人民幣8,000元，發行所得股份溢價約為人民幣388,054,000元（扣除股份發行成本）。已付及應付股份發行成本主要包括股份承銷佣金及其他相關成本，其為發行新股直接應佔新增成本。該等成本為數人民幣6,581,000元，自發行所產生的股份溢價中扣除。

於二零一九年七月三十日，本公司按每股4.95港元配售及認購244,756,000股額外股份，總現金代價為1,199,800,000港元（相等於約人民幣1,056,452,000元）。股本金額約為人民幣17,000元，發行所得股份溢價約為人民幣1,056,435,000元（扣除股份發行成本）。股份發行成本主要包括股份承銷佣金及其他相關成本，其為發行新股直接應佔新增成本。該等成本為數人民幣10,323,000元，自發行所產生的股份溢價中扣除。

33. SHARE CAPITAL (Continued)

Shares (Continued)

On 16 January 2018, 2,999,950,000 shares were issued by way of capitalisation with par value US\$0.00001 each, the respective share capital amount was approximately RMB190,000.

On 2 February 2018, upon its listing on the Hong Kong Stock Exchange, the over-allotment option has been partially exercised and the Company allotted and issued 123,000,000 additional shares at HK\$3.99 per share for a total cash consideration of HK\$490,770,000 (equivalent to approximately RMB394,643,000). The respective share capital amount was approximately RMB8,000 and share premium arising from the issuance was approximately RMB388,054,000, net of share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB6,581,000 were treated as a deduction against the share premium arising from the issuance.

On 30 July 2019, the Company completed the placing and subscription of 244,756,000 additional shares at HK\$4.95 per share for a total cash consideration of HK\$1,199,800,000 (equivalent to approximately RMB1,056,452,000). The share capital amount was approximately RMB17,000 and share premium arising from the issuance was approximately RMB1,056,435,000, net of share issuance costs. The share issuance costs mainly included share underwriting commissions and other related costs, which were incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB10,323,000 were treated as a deduction against the share premium arising from the issuance.

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34. 儲備

截至二零一九年十二月三十一日止年度，本集團的儲備金額及其變動呈列於綜合權益變動表。

(a) 股份溢價

股份溢價指已發行股份賬面值與已收取代價的差額。

(b) 合併儲備

本集團的合併儲備指公司重組及重組完成前本集團現時旗下公司的當時控股公司的已發行股本及本集團現時旗下公司的若干附屬公司權益持有人的注資。

(c) 資本儲備

資本儲備指在收購附屬公司非控股權益的情況下，收購成本及所收購非控股權益之間的差額，或就在不失去控制權的情況下向非控股股東出售附屬公司部分股權而言，出售所得款項及所出售非控股權益之間的差額。資本儲備變動詳情載於綜合權益變動表。

(d) 法定盈餘儲備

根據中國公司法及於中國成立的附屬公司的組織章程細則，本集團須按稅後溢利淨額的10%提取法定盈餘儲備，此乃根據中國會計準則釐定，直至儲備餘額達到其註冊資本50%為止。受相關中國法規及本集團組織章程細則所載若干限制的規限，法定盈餘儲備可用於抵銷虧損或轉換為增加股本，但轉換後儲備餘額不得少於本集團註冊資本的25%。儲備不得用作其設立目的以外的其他用途，亦不得作為現金股息分派。

(e) 匯兌波動儲備

匯兌波動儲備包括換算集團實體的財務報表產生的所有外匯差額。該儲備根據附註2.4所載的會計政策處理。

34. RESERVES

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2019 are presented in the consolidated statement of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the Corporate Restructuring and the Reorganisation.

(c) Capital reserve

The capital reserve represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of acquisition of additional non-controlling interests of subsidiaries, or, the difference between the proceeds from disposal and the non-controlling interests disposed of in the case of disposal of partial equity interests in subsidiaries to non-controlling shareholders without loss of control. Details of the movements in capital reserve are set out in the consolidated statement of changes in equity.

(d) Statutory surplus reserves

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserves may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(e) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

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35. 永續資本證券

35. PERPETUAL CAPITAL SECURITIES

		本金 Principal 人民幣千元 RMB'000	分銷 Distribution 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
於二零一八年 一月一日之結餘	Balance as at 1 January 2018	2,974,443	—	2,974,443
永續資本證券持有人 應佔溢利	Profit attributable to holders of perpetual capital securities	—	258,781	258,781
付款	Payment	—	(225,000)	(225,000)
於二零一八年 十二月三十一日之結餘	Balance as at 31 December 2018	2,974,443	33,781	3,008,224
於二零一九年 一月一日之結餘	Balance as at 1 January 2019	2,974,443	33,781	3,008,224
本集團發行永久 資本證券	Issuance of perpetual capital securities by the Group	1,363,107	—	1,363,107
永續資本證券持有人 應佔溢利	Profit attributable to holders of perpetual capital securities	—	267,622	267,622
贖回永續資本證券	Redemption of perpetual capital securities	(2,974,443)	—	(2,974,443)
付款	Payment	—	(225,000)	(225,000)
於二零一九年 十二月三十一日之結餘	Balance as at 31 December 2019	1,363,107	76,403	1,439,510

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35. 永續資本證券 (續)

於二零一七年十月三十一日及二零一七年十一月七日，本集團的附屬公司正榮地產控股發行本金額分別為人民幣300,000,000元及人民幣2,700,000,000元的次級永續資本證券（「永續資本證券」）。扣除發行成本後的所得款項淨額總額為人民幣2,974,443,000元。正榮地產控股所發行的永續資本工具為無抵押。該工具並無屆滿日期，而分派金額可由正榮地產控股酌情遞延派付，且分派延期的次數並無限制。該永續資本工具可由發行人贖回。發行人如選擇向普通股股東宣派股息，則須按認購協議所界定的派息率向永續資本工具持有人作出分派。因此，永續資本證券分類為權益工具，並在綜合財務狀況表內列作權益。於二零一九年十一月七日，永續資本證券獲全數贖回。

於二零一九年六月十九日，本公司發行本金額為200,000,000美元的優先永續資本證券（「永續資本證券II」）。扣除發行成本後的所得款項淨額總額為198,274,000美元。永續資本證券II並無固定到期日，可由本公司選擇於二零二二年一月二十五日或以後按本金額連同應計、未付或延遲派息付款贖回。工具自發行日起至二零二二年一月二十五日的分派率為年息率10.25%，加上以後每年遞進息率5%。本集團並無為永續資本證券II作出擔保或質押。本公司可按其全權酌情選擇根據證券的條款延遲分派。除非及直至本公司全數支付所有未付拖欠分派及任何額外分派金額，否則本公司不得宣派或派付任何股息、分派或作出付款，並將促使不會就此派付股息或作出其他支付或贖回、削減、註銷、購回或以任何代價收購。本公司可選擇贖回全部而非部份證券。本公司並無責任就永續工具交付現金、支付利息或行使其贖回權。因此，永續資本證券II分類為權益工具，並在綜合財務狀況表內呈列作權益的一部份。

35. PERPETUAL CAPITAL SECURITIES (Continued)

On 31 October 2017 and 7 November 2017, Zhenro Property Holdings, a subsidiary of the Group, issued subordinated perpetual capital securities (the "Perpetual Capital Securities") with the principal amounts of RMB300,000,000 and RMB2,700,000,000, respectively. Net proceeds after deducting the issuance cost amounted to RMB2,974,443,000 in total. The perpetual capital instruments issued by Zhenro Property Holding are unsecured. There is no maturity of the instruments and the payments of distribution can be deferred at the discretion of Zhenro Property Holding and there is no limit as to the number of times of deferral of distribution. The perpetual capital instruments are callable by the issuer. When the issuer elects to declare dividends to their ordinary shareholders, the issuer shall make distribution to the holders of perpetual capital instruments at the distribution rate as defined in the subscription agreement. Therefore, the Perpetual Capital Securities are classified as equity instruments and recorded in equity in the consolidated statement of financial position. On 7 November 2019, the Perpetual Capital Securities were fully redeemed.

On 19 June 2019, the Company issued senior perpetual capital securities (the "Perpetual Capital Securities II") with the principal amount of US\$200,000,000. Net proceeds after deducting the issue cost amounted to US\$198,274,000 in total. The Perpetual Capital Securities II have no fixed maturity date and are redeemable on or after 25 January 2022 at the Company's option at the principal amount together with accrued, unpaid or deferred distribution payments. The distribution rate for the instruments is 10.25% per annum from the date of issue to 25 January 2022, then increases by 5% per annum thereafter. No guarantee or pledge was made by the Group for the Perpetual Capital Securities II. 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 thereof. securities may be redeemed at the option of the Company, in whole but not in part. The Company has no obligation to deliver cash in respect of the perpetual instruments, pay interest nor exercise its right of redemption. Therefore, the Perpetual Capital Securities II are classified as equity instruments and presented as a part of equity in the consolidated statement of financial position.

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36. 綜合現金流量表附註

(a) 主要非現金交易

年內，本集團就辦公樓宇租賃安排作出之使用權資產及租賃負債的非現金添置分別為人民幣58,957,000元及人民幣58,957,000元（二零一八年：無）。

(b) 融資活動產生的負債變動

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, Group had non-cash additions to right-of-use assets and lease liabilities of RMB58,957,000 and RMB58,957,000, respectively, in respect of lease arrangements for office buildings (2018: Nil).

(b) Changes in liabilities arising from financing activities

		計息銀行及 其他借款	優先票據	公司債券	資產抵押 證券	租賃負債	應付關聯 公司款項	來自融資活動 的負債總額
		Interest- bearing bank and other borrowings	Senior notes	Corporate bonds	Asset- backed securities	Lease liabilities	Due to related companies	Total liabilities from financing activities
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
於二零一八年一月一日	At 1 January 2018	40,061,178	—	2,002,359	—	—	801,280	42,864,817
融資活動所得現金流量	Cash flows from financing activities	(2,099,609)	4,767,196	1,102,055	3,285,661	—	4,156,452	11,211,755
非融資活動所得現金流量	Cash flows from non- financing activities	209,020	403,629	45,773	—	—	(1,624,749)	(966,327)
於二零一八年十二月三十一日	At 31 December 2018	38,170,589	5,170,825	3,150,187	3,285,661	—	3,332,983	53,110,245
採納國際財務報告準則 第16號的影響	Effect of adoption of IFRS 16	—	—	—	—	101,792	—	101,792
於二零一九年一月一日（重列）	At 1 January 2019 (restated)	38,170,589	5,170,825	3,150,187	3,285,661	101,792	3,332,983	53,212,037
融資活動所得 現金流量	Cash flows from financing activities	(1,668,288)	10,789,077	2,317,637	—	(29,101)	4,174,979	15,584,304
非融資活動所得 現金流量	Cash flows from non- financing activities	(185,179)	883,142	37,479	60,673	58,957	(121,718)	733,354
於二零一九年十二月三十一日	At 31 December 2019	36,317,122	16,843,044	5,505,303	3,346,334	131,648	7,386,244	69,529,695

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36. 綜合現金流量表附註 (續)

(c) 租賃總現金流出

計入現金流量表的租賃總現金流出
如下：

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash
flows is as follows:

		二零一九年 2019 人民幣千元 RMB'000
經營活動內	Within operating activities	(6,591)
融資活動內	Within financing activities	(29,101)
按公平值列賬的可識別資產淨值總額	Total identifiable net assets at fair value	(35,692)

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37. 擁有重大非控股權益的非全資附屬公司

本集團擁有重大非控股權益的附屬公司詳情載列如下：

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37. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests were set out below:

31 December 2019

		透過非控股 權益持有的 股權百分比	分配至 非控股權益 的年內溢利／ (虧損)	非控股權益 累計結餘
		Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Accumulated balances of non- controlling interests
		%	人民幣千元	人民幣千元
		%	RMB'000	RMB'000
合肥永拓置業發展有限公司 (「合肥永拓」)	Hefei Yongtuo Real Estate Development Co., Ltd ("Hefei Yongtuo")	75.00	540,537	802,151
正榮山田正泰(平潭)置業發展有限公司 (「平潭正泰」)	Zhenro Shantian Zhengtai (Pingtan) Real Estate Development Co., Ltd ("Pingtan Zhengtai")	49.00	214,738	215,793
福州正宏誠心房地產開發有限公司 (「正宏誠心」)	Fuzhou Zhenghong Chengxin Property Development Co., Ltd ("Zhenghong Chengxin")	74.00	1	1,627,600
鄭州新榮桂置業有限公司 (「鄭州新榮桂」)	Zhengzhou Xinronggui Real Estate Co., Ltd ("Zhengzhou Xinronggui")	42.10	(43,289)	1,211,453

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31 December 2018

		透過非控股 權益持有的 股權百分比	分配至 非控股權益 的年內溢利／ (虧損)	非控股權益 累計結餘
		Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Accumulated balances of non- controlling interests
		%	人民幣千元	人民幣千元
		%	RMB'000	RMB'000
正榮蘇南(蘇州)房地產有限公司 (「蘇州房地產」)	Zhenro Sunan (Suzhou) Property Co., Ltd ("Suzhou Property")	48.09	(78,649)	187,857
漳州市正裕置業有限公司 (「漳州正裕」)	Zhangzhou Zhengyu Real Estate Co., Ltd ("Zhangzhou Zhengyu")	49.00	(2,297)	781,703
正宏誠心	Zhenghong Chengxin	74.00	(401)	1,627,599
鄭州新榮桂	Zhengzhou Xinronggui	42.10	(8,258)	1,254,742

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37. 擁有重大非控股權益的非全資附屬公司 (續)

下表說明上述附屬公司的概要財務資料。所披露的金額未計及任何公司間抵銷：

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37. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

31 December 2019

		合肥永拓 Heifei Yongtuo 人民幣千元 RMB'000	平潭正泰 Pingtan Zhengtai 人民幣千元 RMB'000	正宏誠心 Zhenghong Chengxin 人民幣千元 RMB'000	鄭州新榮桂 Zhengzhou Xinronggui 人民幣千元 RMB'000
收益	Revenue	4,035,819	1,556,999	3	1,387
開支總額	Total expenses	(3,045,809)	(731,439)	(1)	(138,271)
所得稅開支	Income tax expense	(269,294)	(387,319)	—	34,062
年內溢利／(虧損) 及 全面收益總額	Profit/(loss) and total comprehensive income for the year	720,716	438,241	2	(102,822)
流動資產	Current assets	1,835,605	979,882	2,199,459	5,291,155
非流動資產	Non-current assets	43,349	108,878	—	56,757
流動負債	Current liabilities	(809,419)	(648,366)	—	(1,980,351)
非流動負債	Non-current liabilities	—	—	—	(490,000)
經營活動所得／(所用)	Net cash flows from/(used in)				
現金流量淨額	operating activities	603,409	(131,334)	(549)	829,528
投資活動(所用)／	Net cash flows (used in)/from				
所得現金流量淨額	investing activities	(19)	—	—	—
融資活動(所用)／	Net cash flows (used in)/from				
所得現金流量淨額	financing activities	(883,765)	159,681	600	(652,712)
現金及現金等價物(減少)／ 增加淨額	Net (decrease)/increase in cash and cash equivalents	(280,375)	28,347	51	176,816

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37. 擁有重大非控股權益的非全資附屬公司 (續)

下表說明上述附屬公司的概要財務資料。所披露的金額未計及任何公司間抵銷：(續)

二零一八年十二月三十一日

37. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations: (Continued)

31 December 2018

		蘇州房地產 Suzhou Property 人民幣千元 RMB'000	漳州正裕 Zhangzhou Zhengyu 人民幣千元 RMB'000	正宏誠心 Zhenghong Chengxin 人民幣千元 RMB'000	鄭州新榮桂 Zhengzhou Xinronggui 人民幣千元 RMB'000
收益	Revenue	1,139,263	—	—	—
開支總額	Total expenses	(1,285,198)	(4,689)	(542)	(25,752)
所得稅開支	Income tax expense	(17,649)	—	—	6,135
年內溢利／(虧損) 及 全面收益總額	Profit/(loss) and total comprehensive	(163,584)	(4,689)	(542)	(19,617)
流動資產	Current assets	1,110,810	1,674,683	2,200,008	3,461,589
非流動資產	Non-current assets	213	125	—	203,422
流動負債	Current liabilities	(720,424)	(79,496)	(550)	(234,627)
非流動負債	Non-current liabilities	—	—	—	(450,000)
經營活動所得／(所用)	Net cash flows from/(used in)				
現金流量淨額	operating activities	233,140	(1,640,581)	8	(1,030,986)
投資活動所得／(所用)	Net cash flows from/(used in) investing				
現金流量淨額	activities	295	(130)	—	(55)
融資活動所得／(所用)	Net cash flows from/(used in) financing				
現金流量淨額	activities	(329,644)	1,641,100	10	1,093,177
現金及現金等價物增加／ (減少) 淨額	Net increase/(decrease) in cash and cash equivalents	(96,209)	389	18	62,136

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38. 業務合併

a) 收購Guangzhou Fumao

於二零一九年一月八日，本集團按總代價人民幣5,034,000元收購Guangzhou Fumao的34%股權。Guangzhou Fumao從事房地產開發業務。收購以後，本集團因參與Guangzhou Fumao的業務而承擔或享有可變回報的風險或權利，並有能力通過其投票地位以及現有權利指導Guangzhou Fumao的經營活動而影響回報。因此，本集團對Guangzhou Fumao擁有控制權。收購的購買代價為人民幣5,034,000元，以現金形式於收購日期支付。

b) 收購Suzhou Chengrui

先前，本集團持有Suzhou Chengrui（從事房地產開發業務）總股權的50%，Suzhou Chengrui入賬為本集團的合營企業。其餘股權由Taicang JingXiang Consulting Management Co., Ltd.（「Taicang JingXiang」）持有。於二零一九年一月十二日，本集團與Taicang JingXiang訂立一項股東協議，據此，Taicang JingXiang將其於Suzhou Chengrui的所有股東大會投票權歸屬予本集團，以至本集團行使Suzhou Chengrui的全部投票權。因此，自該協議日期起，本集團對Suzhou Chengrui擁有控制權。

38. BUSINESS COMBINATIONS

a) Acquisition of Guangzhou Fumao

On 8 January 2019, the Group acquired a 34% equity interest in Guangzhou Fumao at a total consideration of RMB5,034,000. Guangzhou Fumao is engaged in property development. After the acquisition, the Group has the exposure or rights to variable returns from its involvement with Guangzhou Fumao and has the ability to affect the returns through its voting position and the existing rights to direct the operating activities of Guangzhou Fumao. Hence, the Group has had control over Guangzhou Fumao. The purchase consideration for the acquisition was in the form of cash, with RMB5,034,000 paid at the acquisition date.

b) Acquisition of Suzhou Chengrui

The Group held 50% of the total equity interests in Suzhou Chengrui which is engaged in property development and was accounted for as a joint venture of the Group previously. The remaining equity interest is held by Taicang JingXiang Consulting Management Co., Ltd. ("Taicang JingXiang"). On 12 January 2019, the Group entered into a shareholder agreement with Taicang JingXiang, pursuant to which Taicang JingXiang vested its entire voting power at any general meeting of Suzhou Chengrui to the Group so that the Group exercises 100% of the total voting rights of Suzhou Chengrui. Hence, the Group has had control over Suzhou Chengrui since the date of the agreement.

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38. 業務合併 (續)

c) 收購 Suzhou Lingrui

先前，本集團持有 Suzhou Lingrui (從事房地產開發業務) 總股權的 50%，Suzhou Lingrui 入賬為本集團的合營企業。其餘股權由 Taicang Jinghe Consulting Management Co., Ltd. (「Taicang Jinghe」) 持有。於二零一九年一月十二日，本集團與 Taicang Jinghe 訂立一項股東協議，據此，Taicang Jinghe 將其於 Suzhou Lingrui 的所有股東大會投票權歸屬予本集團，以至本集團行使 Suzhou Lingrui 的全部投票權。因此，自該協議日期起，本集團對 Suzhou Lingrui 擁有控制權。

38. BUSINESS COMBINATIONS (Continued)

c) Acquisition of Suzhou Lingrui

The Group held 50% of the total equity interests in Suzhou Lingrui which is engaged in property development and was accounted for as a joint venture of the Group previously. The remaining equity interest is held by Taicang Jinghe Consulting Management Co., Ltd. ("Taicang Jinghe"). On 12 January 2019, the Group entered into a shareholder agreement with Taicang Jinghe, pursuant to which Taicang Jinghe vested its entire voting power at any general meeting of Suzhou Lingrui to the Group so that the Group exercises 100% of total voting rights of Suzhou Lingrui. Hence, the Group has had control over Suzhou Lingrui since the date of the agreement.

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38. 業務合併 (續)

c) 收購 Suzhou Lingrui (續)

所收購公司於收購日期的可識別資產及負債的公平值如下：

38. BUSINESS COMBINATIONS (Continued)

c) Acquisition of Suzhou Lingrui (Continued)

The fair values of the identifiable assets and liabilities of the acquired companies as at the date of acquisition were as follows:

		收購時確認的 公平值 Fair value recognised on acquisition 人民幣千元 RMB'000
現金及現金等價物	Cash and cash equivalents	53,996
物業、廠房及設備	Property, plant and equipment	89
開發中物業	Properties under development	3,272,760
預付款項、其他應收款項及其他資產	Prepayments, other receivables and other assets	201,311
應收關聯公司款項	Due from related companies	71,917
貿易應付款項及應付票據	Trade and bills payables	(42,411)
計息銀行及其他借款	Interest-bearing bank and other borrowings	(1,891,820)
其他應付款項及應計費用	Other payables and accruals	(1,402,507)
合約負債	Contract liabilities	(126,274)
遞延稅項負債	Deferred tax liabilities	(11,669)
按公平值列賬之可識別淨資產總額	Total identifiable net assets at fair value	125,392
一名非控股 股東注資	Capital injection by a non-controlling shareholder	4,886
本集團注資	Capital injection by the Group	5,034
		135,312
非控股權益	Non-controlling interests	(70,025)
已收購淨資產	Net assets acquired	65,287
業務合併之前持有之投資於 合營企業之公平值	Fair value of investments in the joint ventures held before business combinations	60,253
以現金償付	Satisfied by cash	5,034

有關收購附屬公司的現金流量分析如下：

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

		人民幣千元 RMB'000
現金代價	Cash consideration	(5,034)
已收購現金及現金等價物	Cash and cash equivalents acquired	63,916
有關收購的現金及 現金等價物流入淨額	Net inflow of cash and cash equivalents in respect of the acquisition	58,882

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39. 出售附屬公司

- a) 出售 Zhengzhou Rongwan Real Estate Development Co., Ltd (「Zhengzhou Rongwan」)

根據日期為二零一九年三月十五日的股份轉讓協議，本集團按代價人民幣1,385,000元向一名獨立第三方出售其於Zhengzhou Rongwan的100%股權。代價乃經參考所出售股權的相應價值釐定。

- b) 出售 Zhenro Zhengtai (Suzhou) Investment Co., Ltd (「Suzhou Zhengtai」)

根據股東決議及於二零一九年十二月二日修訂的組織章程細則，Suzhou Zhengtai的註冊資本由零增加至人民幣100,000,000元。獨立第三方額外注資人民幣51,000,000元(溢價人民幣21,000,000元)，且本集團額外注資人民幣49,000,000元。本集團於Suzhou Zhengtai的股權由100%減少至49%，且本集團於此後失去對Suzhou Zhengtai的控制權。該交易作為部份出售附屬公司入賬。

- c) 出售合肥正茂置業發展有限公司(「合肥正茂」)

根據股東決議及於二零一九年十二月二十五日修訂的組織章程細則，合肥正茂的註冊資本由人民幣100,000,000元增加至人民幣200,000,000元。人民幣100,000,000元的增資由一名獨立第三方注入。本集團於合肥正茂的股權由100%減少至50%，且本集團於此後失去對合肥正茂的控制權。該交易作為部份出售附屬公司入賬。

39. DISPOSAL OF SUBSIDIARIES

- a) Disposal of Zhengzhou Rongwan Real Estate Development Co., Ltd (“Zhengzhou Rongwan”)

Pursuant to the share transfer agreement dated 15 March 2019, the Group disposed of its 100% equity interest in Zhengzhou Rongwan to an independent third party for a consideration of RMB1,385,000. The consideration was determined by reference to the corresponding value of the equity interest disposed of.

- b) Disposal of Zhenro Zhengtai (Suzhou) Investment Co., Ltd (“Suzhou Zhengtai”)

Pursuant to the resolutions of the shareholders and amendments to the articles of association dated 2 December 2019, the registered capital of Suzhou Zhengtai increased from nil to RMB100,000,000. The additional capital of RMB51,000,000 was injected by an independent third party with a premium of RMB21,000,000, and the additional capital of RMB49,000,000 was injected by the Group. The Group's equity interest in Suzhou Zhengtai decreased from 100% to 49% and the Group lost control over Suzhou Zhengtai thereafter. This transaction is accounted for as partial disposal of a subsidiary.

- c) Disposal of Hefei Zhengmao Real Estate Development Co., Ltd (“Hefei Zhengmao”)

Pursuant to the resolutions of the shareholders and amendments to the articles of association dated 25 December 2019, the registered capital of Hefei Zhengmao increased from RMB100,000,000 to RMB200,000,000. The additional capital of RMB100,000,000 was injected by an independent third party. The Group's equity interest in Hefei Zhengmao decreased from 100% to 50% and the Group lost control over Hefei Zhengmao thereafter. This transaction is accounted for as partial disposal of a subsidiary.

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39. 出售附屬公司 (續)

d) 出售蘇州正潤房地產開發有限公司 (「蘇州正潤」)

根據日期為二零一九年十二月三十一日的股份轉讓協議，本集團按代價人民幣11,962,000元向一名獨立第三方出售其於蘇州正潤的10%股權。本集團於蘇州正潤的股權由51%減少至41%，且本集團於此後失去對蘇州正潤的控制權。代價乃經參考出售股權的相應價值釐定。

39. DISPOSAL OF SUBSIDIARIES (Continued)

d) Disposal of Suzhou Zhengrun Property Development Co., Ltd (‘Suzhou Zhengrun’)

Pursuant to the share transfer agreement dated 31 December 2019, the Group disposed of its 10% equity interest in Suzhou Zhengrun to an independent third party for a consideration of RMB11,962,000. The Group's equity interest in Suzhou Zhengrun decreased from 51% to 41% and the Group lost control over Suzhou Zhengrun thereafter. The consideration was determined by reference to the corresponding value of the equity interest disposed of.

		人民幣千元 RMB'000
已出售淨資產：	Net assets disposed of:	
現金及現金等價物	Cash and cash equivalents	510,780
預付款項、其他應收款項及其他資產	Prepayments, other receivables and other assets	203,827
可收回稅項	Tax recoverable	40,156
應收關聯公司款項	Due from related companies	4,026,749
開發中物業	Properties under development	6,552,510
物業、廠房及設備	Property, plant and equipment	85
遞延稅項資產	Deferred tax assets	36,198
貿易應付款項及應付票據	Trade and bills payables	(486,549)
合約負債	Contract liability	(2,014,368)
其他應付款項及應計費用	Other payables and accruals	(740,731)
計息銀行及其他借款	Interest-bearing bank and other borrowings	(2,076,999)
應付關聯公司款項	Due to related companies	(5,949,644)
注資前淨資產	Net assets before capital injection	102,014
第三方注資	Capital injection by third parties	172,000
本集團注資	Capital injection by the Group	49,000
		323,014
餘下股權的公平值	The fair value of the remaining equity interests	187,502
已出售歸屬於本集團的淨資產	Net assets attributable to the Group disposed of	130,386
出售附屬公司的收益	Gain on disposal of subsidiaries	54,961
以現金償付	Satisfied by cash	1,385
應收代價	Consideration receivable	11,962

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39. 出售附屬公司 (續)

d) 出售蘇州正潤房地產開發有限公司 (「蘇州正潤」) (續)

有關出售附屬公司的現金及現金等價物流入淨額的分析如下：

		人民幣千元 RMB'000
現金代價	Cash consideration	1,385
已出售現金及現金等價物	Cash and cash equivalents disposed of	(510,780)
有關出售的現金及現金等價物流出淨額	Net outflow of cash and cash equivalents in respect of the disposal	(509,395)

39. DISPOSAL OF SUBSIDIARIES (Continued)

d) Disposal of Suzhou Zhengrun Property Development Co., Ltd ('Suzhou Zhengrun') (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the disposal is as follows:

40. 或然負債

於報告期末，未於財務報表內撥備的或然負債如下：

40. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
向銀行作出的有關授予本集團物業買家融資的擔保	Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties (1)	36,516,850	32,844,414
向銀行及其他機構作出的有關授予關聯公司及一名第三方融資的擔保	Guarantees given to banks and other institutions in connection with facilities granted to related companies and a third party (2)	4,774,145	3,690,886
		41,290,995	36,535,300

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40. 或然負債 (續)

- (1) 本集團就若干銀行向本集團持作出售已竣工物業買家授出的抵押融資提供擔保。根據擔保安排的條款，如買家拖欠按揭付款，本集團負責向該等銀行償還未償還抵押本金及違約買家所欠的任何應計利息及罰款。

根據上述安排，相關物業已質押予該等銀行作為抵押貸款的抵押品；倘該等買家拖欠抵押還款，該等銀行有權接管有關法定業權，並透過公開拍賣將抵押物業變現。

本集團的擔保期由授出相關抵押貸款日期起至買家獲發物業所有權證及辦理登記止，有關證明一般會於買家接管相關物業後的一至兩年內取得。

年內，本集團並未就向本集團持作出售已竣工物業買家授出的抵押融資提供擔保產生任何重大損失。本公司董事認為如出現違約付款，相關物業的可變現淨值足以償還未償還抵押貸款連同任何應計利息及罰款，故並無對擔保計提撥備。

- (2) 本集團就向合營企業及聯營公司以及一名第三方的借款向銀行及其他機構提供擔保。本公司董事認為，由於公平值並不重大，截至二零一九年十二月三十一日，無須就向合營企業及聯營公司以及一名第三方提供的擔保計提撥備（二零一八年：無）。有關關聯方交易的進一步詳情載於財務報表附註43。

40. CONTINGENT LIABILITIES (Continued)

- (1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in the case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

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

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

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

- (2) The Group provided guarantees to banks and other institutions in connection with borrowings made to the joint ventures, associates and a third party. The directors of the Company consider that no provision is needed in respect of the guarantees provided to the joint ventures and associates and a third party as of 31 December 2019(2018: Nil) since the fair value is not significant. Further details of the related party transactions are included in note 43 to the financial statements.

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41. 承擔

- (a) 本集團於報告期末擁有以下資本承擔：

已訂約但尚未撥備：

- －收購土地使用權
- －開發中物業
- －應向合營企業及聯營公司注資的款項

41. COMMITMENTS

- (a) The Group had the following capital commitments at the end of the reporting period:

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
已訂約但尚未撥備：	Contracted, but no provided for:		
－收購土地使用權	－Acquisition of land use rights	1,764,460	—
－開發中物業	－Properties under development	21,117,337	13,228,125
－應向合營企業及聯營公司注資的款項	－Capital contributions payable to joint ventures and associates	1,018,462	167,928
		23,900,259	13,396,053

- (b) 於二零一八年十二月三十一日的經營租賃承擔

本集團根據經營租賃安排承租若干辦公物業以及廠房及機器、機動車及辦公設備。承租辦公物業的協定期限介乎三至十年，而承租機動車及辦公設備的協定期限為12個月或以下。

於二零一八年十二月三十一日，本集團根據不可撤銷經營租賃的到期未來最低租賃付款總額如下：

- (b) Operating lease commitments as at 31 December 2018

The Group leased certain of its office properties and plant and machinery, motor vehicles and office equipment under operating lease arrangements. Leases for office properties were negotiated for terms ranging from three to ten years, and those for motor vehicles office equipment were with terms of 12 months or less.

As at 31 December 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		二零一八年 2018 人民幣千元 RMB'000
一年內	Within one year	48,735
第二至第五年(包括首尾兩年)	In the second to fifth years, inclusive	62,494
五年以上	Over five years	2,672
		113,901

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42. 關聯方交易

(a) 重大關聯方交易

合營企業及聯營公司墊款
償還合營企業及
聯營公司的墊款
給予合營企業及聯營公司的墊款
償還給予合營企業及
聯營公司的墊款
由最終控股股東控制的
公司提供的
物業管理服務(附註)
最終控股股東控制的公司之
租金收入(附註)
為合營企業及聯營公司提供
管理諮詢服務(附註)
合營企業及聯營公司的
利息收入(附註)

42. RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
Advances from joint ventures and associates		6,842,880	4,365,197
Repayment of advances from joint ventures and associates		2,677,350	208,745
Advances to joint ventures and associates		36,427,890	38,384,020
Repayment of advances to joint ventures and associates		39,454,873	31,546,359
Property management services from companies controlled by the ultimate controlling shareholders (note)		167,608	130,308
Rental income to companies controlled by the ultimate controlling shareholders (note)		6,999	—
Management consulting services to joint ventures and associates (note)		54,795	21,387
Interest income from joint ventures and associates (note)		45,678	28,397

附註：該等交易乃根據參與各方共同協
定的條款及條件進行。

Note: These transactions were carried out in accordance with the terms and
conditions mutually agreed by the parties involved.

(b) 與關聯方的其他交易

- (i) 於二零一九年十二月三十一日，本集團就合營企業及聯營公司獲授之為數人民幣4,574,145,000元的若干銀行及其他貸款作出擔保(二零一八年十二月三十一日：人民幣3,690,886,000元)。
- (ii) 於二零一九年十二月三十一日，本集團已向正榮公益基金會(「正榮公益基金會」)捐款人民幣5,448,000元(二零一八年：人民幣5,716,000元)，該基金會的董事為控股股東的緊密家族成員。

(b) Other transactions with related parties

- (i) As at 31 December 2019, the Group guaranteed certain bank and other loans made to joint ventures and associates up to RMB4,574,145,000. (31 December 2018: RMB3,690,886,000).
- (ii) As at 31 December 2019, the Group has donated up to RMB5,448,000 (2018: RMB5,716,000) to 正榮公益基金會("Zhenro Foundation"), the director of which is a close family member of the Controlling Shareholders.

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日
31 December 2019

42. 關聯方交易 (續)

(c) 與關聯方的未付結餘

應收合營企業及聯營公司款項	Due from joint ventures and associates
應收由最終控股股東控制 的公司款項	Due from companies controlled by the ultimate controlling shareholders
應付合營企業及聯營公司款項	Due to joint ventures and associates
應付由最終控股股東 控制的公司款項	Due to companies controlled by the ultimate controlling shareholders

42. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances with related parties

二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000	二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000
6,696,104	7,672,239
–	14,127
7,358,907	3,313,097
27,337	19,886

(d) 本集團主要管理人員薪酬

短期僱員福利	Short term employee benefits
養老金計劃供款及 社會福利	Pension scheme contributions and social welfare
支付予主要管理人員的 薪酬總額	Total compensation paid to key management personnel

(d) Compensation of key management personnel of the Group

二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
31,584	29,557
653	870
32,237	30,427

董事酬金的進一步詳情載於財務報
表附註8。

Further details of directors' emoluments are included in note 8 to
the financial statements.

財務報表附註

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二零一九年十二月三十一日
31 December 2019

43. 按類別劃分的金融工具

於報告期末各類金融工具的賬面值如下：

二零一九年十二月三十一日

金融資產

43. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2019

Financial assets

		按攤銷 成本列賬的 金融資產 Financial assets at amortised cost 人民幣千元 RMB'000	按公平 值計入損益的 金融資產 Financial assets at FVPL 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
按公平值計入損益的 金融資產 (附註21)	Financial assets at fair value through profit or loss (note 21)	—	773,896	773,896
計入預付款項、其他應收 款項及其他資產的金融資產 (附註25)	Financial assets included in prepayments, other receivables and other assets (note 25)	4,635,092	—	4,635,092
貿易應收款項 (附註24)	Trade receivables (note 24)	66,293	—	66,293
應收關聯公司款項	Due from related companies	6,696,104	—	6,696,104
受限制現金 (附註26)	Restricted cash (note 26)	5,137,032	—	5,137,032
已抵押存款 (附註26)	Pledged deposits (note 26)	1,801,205	—	1,801,205
現金及現金等價物 (附註26)	Cash and cash equivalents (note 26)	28,368,571	—	28,368,571
		46,704,297	773,896	47,478,193

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二零一九年十二月三十一日
31 December 2019

43. 按類別劃分的金融工具 (續)

二零一九年十二月三十一日 (續)

金融負債

43. FINANCIAL INSTRUMENTS BY CATEGORY

(Continued)

31 December 2019 (Continued)

Financial liabilities

		按攤銷成本 列賬的金融負債 Financial liabilities at amortised cost 人民幣千元 RMB'000
貿易應付款項及應付票據 (附註27)	Trade and bills payables (note 27)	16,752,615
計入其他應付款項及應計費用的金融負債 (附註28)	Financial liabilities included in other payables and accruals (note 28)	10,117,912
計息銀行及其他借款 (附註30)	Interest-bearing bank and other borrowings (note 30)	36,317,122
公司債券 (附註32)	Corporate bonds (note 32)	5,505,303
優先票據 (附註31)	Senior Notes (note 31)	16,843,044
租賃負債 (附註16)	Lease liabilities (note 16)	131,648
應付關聯公司款項	Due to related companies	7,386,244
		93,053,888

財務報表附註

Notes to Financial Statements

二零一九年十二月三十一日

31 December 2019

43. 按類別劃分的金融工具 (續)

二零一八年十二月三十一日

金融資產

		按攤銷 成本列賬的 金融資產 Financial assets at amortised cost 人民幣千元 RMB'000	按公平 值計入損益的 金融資產 Financial assets at FVPL 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
按公平值計入損益的金融資產 (附註21)	Financial assets at fair value through profit or loss (note 21)	—	862,161	862,161
計入預付款項、 其他應收款項及 其他資產的金融資產 (附註25)	Financial assets included in prepayments, other receivables and other assets (note 25)	4,141,399	—	4,141,399
貿易應收款項 (附註24)	Trade receivables (note 24)	34,151	—	34,151
應收關聯公司款項	Due from related companies	7,686,366	—	7,686,366
受限制現金 (附註26)	Restricted cash (note 26)	4,866,036	—	4,866,036
已抵押存款 (附註26)	Pledged deposits (note 26)	963,560	—	963,560
現金及現金等價物 (附註26)	Cash and cash equivalents (note 26)	22,538,953	—	22,538,953
		40,230,465	862,161	41,092,626

金融負債

Financial liabilities

		按攤銷成本 列賬的金融負債 Financial liabilities at amortised cost 人民幣千元 RMB'000
貿易應付款項及應付票據 (附註27)	Trade and bills payables (note 27)	8,212,543
計入其他應付款項及應計費用的 金融負債 (附註28)	Financial liabilities included in other payables and accruals (note 28)	5,706,235
計息銀行及其他借款 (附註30)	Interest-bearing bank and other borrowings (note 30)	38,170,589
公司債券 (附註32)	Corporate bonds (note 32)	3,150,187
優先票據 (附註31)	Senior Notes (note 31)	5,170,825
應付關聯公司款項	Due to related companies	3,332,983
		63,743,362

財務報表附註

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二零一九年十二月三十一日

31 December 2019

44. 金融工具的公平值及公平值層級

除賬面值與公平值合理相若的金融工具外，本集團金融工具的賬面值及公平值如下：

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

		賬面值		公平值	
		Carrying amounts		Fair values	
		二零一九年	二零一八年	二零一九年	二零一八年
		2019	2018	2019	2018
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
		RMB'000	RMB'000	RMB'000	RMB'000
金融資產	Financial assets				
按公平值計入損益的	Financial assets at fair value				
金融資產	through profit or loss	773,896	862,161	773,896	862,161
		773,896	862,161	773,896	862,161
金融負債	Financial liabilities				
計息銀行及	Interest-bearing bank and				
其他借款	other borrowings	36,317,122	38,170,589	36,310,155	38,326,087
公司債券	Corporate bonds	5,506,303	3,150,187	5,513,310	3,102,152
優先票據	Senior notes	16,843,044	5,170,825	17,136,967	5,199,257
		58,665,469	46,491,601	58,960,432	46,627,496

管理層已評估現金及現金等價物、已抵押存款、受限制現金、貿易應收款項、貿易應付款項及應付票據、計入預付款項、其他應收款項及其他資產的金融資產、計入其他應付款項及應計費用的金融負債以及應收／應付關聯公司款項的公平值與其賬面值相若，主要是由於該等工具的到期期限較短。

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and amounts due from/to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

財務報表附註

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二零一九年十二月三十一日

31 December 2019

44. 金融工具的公平值及公平值層級 (續)

本集團的融資部門由財務經理帶領，負責釐定金融工具公平值計量的政策及程序。財務經理直接向財務總監匯報。於各報告日期，融資部門分析金融工具價值的變動並決定應用於估值的主要輸入數據。估值由財務總監審核及批准。每年就中期及年度財務報告與審核委員會對估值結果進行兩次討論。

金融資產及負債之公平值以該工具於自願訂約各方現時進行之交易（強迫或清算銷售除外）中之交易金額入賬。以下方法及假設乃用於估計公平值：

計息銀行及其他借款的公平值乃通過將預期未來現金流量按現時可用於具類似條款、信用風險及餘下還款期限之工具的利率進行貼現計算。本集團於二零一九年十二月三十一日自有計息銀行及其他借款之不履約風險被評定為並不重大。

優先票據及公司債券（不包括正榮債券V & VI）的公平值乃根據市價計算。正榮債券V & VI的公平值乃通過將預期未來現金流量按現時可用於具類似條款、信用風險及餘下還款期限之工具的利率進行貼現計算。

上市股本投資的公平值乃按所報市價計算。非上市基金投資的公平值乃參考所報市價根據市場法最大限度地利用可觀察市場數據計算。

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of 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 Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2019 was assessed to be insignificant.

The fair values of senior notes and corporate bonds, excluding Zhenro Bond V & VI, are based on market prices. The fair values of Zhenro Bond V & VI 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 listed equity investments are based on quoted market prices. The fair values of unlisted fund investments is based on market approach by reference to quoted market prices, maximising the use of observable market data where it is available.

財務報表附註

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二零一九年十二月三十一日
31 December 2019

44. 金融工具的公平值及公平值層級 (續)

公平值層級

下表列示本集團金融工具的公平值計量層級：

按公平值計量的資產：

於二零一九年十二月三十一日

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2019

		使用以下數據計量之公平值 Fair value measurement using		
		活躍市場 之報價 (第一級) Quoted prices in active markets (Level 1) 人民幣千元 RMB'000	重大可觀察 輸入數據 (第二級) Significant observable inputs (Level 2) 人民幣千元 RMB'000	重大不可觀察 輸入數據 (第三級) Significant unobservable inputs (Level 3) 人民幣千元 RMB'000
				總計 Total 人民幣千元 RMB'000
按公平值計入損益的 金融資產	Financial assets at fair value through profit or loss	680,790	93,106	— 773,896

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二零一九年十二月三十一日

31 December 2019

44. 金融工具的公平值及公平值層級 (續)

公平值層級 (續)

按公平值計量的資產：(續)

於二零一八年十二月三十一日

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Assets measured at fair value: (Continued)

As at 31 December 2018

		使用以下數據計量之公平值 Fair value measurement using			
		活躍市場 之報價 (第一級) Quoted prices in active markets (Level 1) 人民幣千元 RMB'000	重大可觀察 輸入數據 (第二級) Significant observable inputs (Level 2) 人民幣千元 RMB'000	重大不可觀察 輸入數據 (第三級) Significant unobservable inputs (Level 3) 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
按公平值計入損益的 金融資產	Financial assets at fair value through profit or loss	862,161	—	—	862,161

本集團於二零一九年十二月三十一日並無任何按公平值計量的金融負債 (二零一八年：無)。

於本年度內，第一級與第二級之間並無公平值計量之轉撥，而金融資產與金融負債均無第三級之轉入或轉出 (二零一八年：無)。

The Group had no financial liabilities measured at fair value as at 31 December 2019 (2018: Nil).

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).

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二零一九年十二月三十一日
31 December 2019

44. 金融工具的公平值及公平值層級 (續)

公平值層級 (續)

披露公平值的負債：

於二零一九年十二月三十一日

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities for which fair values are disclosed:

As at 31 December 2019

		使用以下數據計量之公平值 Fair value measurement using			
		活躍市場 之報價 (第一級) Quoted prices in active markets (Level 1) 人民幣千元 RMB'000	重大可觀察 輸入數據 (第二級) Significant observable inputs (Level 2) 人民幣千元 RMB'000	重大不可觀察 輸入數據 (第三級) Significant unobservable inputs (Level 3) 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
計息銀行及 其他借款	Interest-bearing bank and other borrowings	—	36,310,155	—	36,310,155
公司債券	Corporate bonds	3,545,223	1,968,087	—	5,513,310
優先票據	Senior notes	17,136,967	—	—	17,136,967
		20,682,190	38,278,242	—	58,960,432

於二零一八年十二月三十一日

As at 31 December 2018

		使用以下數據計量之公平值 Fair value measurement using			
		活躍市場 之報價 (第一級) Quoted prices in active markets (Level 1) 人民幣千元 RMB'000	重大可觀察 輸入數據 (第二級) Significant observable inputs (Level 2) 人民幣千元 RMB'000	重大不可觀察 輸入數據 (第三級) Significant unobservable inputs (Level 3) 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
計息銀行及 其他借款	Interest-bearing bank and other borrowings	—	38,326,087	—	38,326,087
公司債券	Corporate bonds	3,102,152	—	—	3,102,152
優先票據	Senior notes	5,199,257	—	—	5,199,257
		8,301,409	38,326,087	—	46,627,496

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二零一九年十二月三十一日

31 December 2019

45. 財務風險管理目標及政策

本集團的主要金融工具主要包括現金及銀行結餘、貿易應收款項以及貿易及其他應付款項，該等金融工具因其經營而直接產生。本集團擁有其他金融資產及負債，如計息銀行及其他借款、優先票據、企業票據、按公平值計入損益的金融工具、關聯公司款項及其他應收款項。該等金融工具的主要目的在於為本集團的運營融資。

本集團金融工具產生的主要風險為利率風險、外匯風險、信用風險及流動資金風險。一般而言，本集團對其風險管理採取保守策略。本集團未持有或發行可供交易的衍生金融工具。董事會檢討並同意該等風險管理政策，其概述如下。

(a) 利率風險

本集團面臨的市場利率變動風險主要與財務報表附註30所載的本集團銀行及其他借款有關。本集團並無使用衍生金融工具對沖利率風險。本集團使用浮息銀行借款管理其利息成本。

於二零一九年十二月三十一日，倘在所有其他變量維持不變的情況下銀行借款的利率上升／下降1%，則本集團於本年度的除稅前溢利將減少／增加約人民幣9,799,000元（二零一八年：人民幣8,402,000元）。

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, trade receivables, and trade and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, senior notes, corporate notes, financial instruments at fair value through profit or loss, amounts with related companies and other receivables. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's bank and other borrowings set out in note 30 to the financial statements. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings.

As at 31 December 2019, if the interest rate of bank borrowings had increased/decreased by 1% and all other variables held constant, the profit before tax for the year of the Group would have decreased/increased by approximately RMB9,799,000 (2018: RMB8,402,000).

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45. 財務風險管理目標及政策 (續)

(b) 外匯風險

本集團面臨交易貨幣風險。該等風險乃因運營單位以單位之功能貨幣以外之貨幣進行交易而產生。

此外，本集團面臨來自其金融資產及優先票據的貨幣風險。

下表列示於報告期末在所有其他變量維持不變的情況下，因美元及人民幣匯率的合理可能變動而對本集團除稅前溢利的影響（由於貨幣資產及負債的公平值變動）及本集團權益的影響（由於遠期貨幣合同的公平值變動）之敏感度分析。

二零一九年	2019
倘人民幣兌美元轉弱	If the RMB weakens against the US\$
倘人民幣兌美元轉強	If the RMB strengthens against the US\$
二零一八年	2018
倘人民幣兌美元轉弱	If the RMB weakens against the US\$
倘人民幣兌美元轉強	If the RMB strengthens against the US\$

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from transactions by operating units in currencies other than the units' functional currencies.

In addition, the Group has currency exposures from its financial assets and senior notes.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US\$ and RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of forward currency contracts).

美元匯率 上升／(下跌) Increase/ (decrease) in US\$ rate %	除稅前溢利 增加／(減少) Increase/ (decrease) in profit before tax 人民幣千元 RMB'000
-5%	(94,473)
+5%	94,473
-5%	(92,445)
+5%	92,445

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45. 財務風險管理目標及政策 (續)

(c) 信用風險

本集團僅與獲認可及信譽可靠之第三方進行買賣。本集團之政策為所有有意以信貸期進行買賣之客戶須接受信貸審核程序。此外，應收款項結餘持續受監管，而本集團承受壞賬之風險並不重大。就以非有關營運單位功能貨幣計值之交易而言，未經信貸管理部主管特別批准，本集團不會給予信貸期。

最大風險及年終所處階段

下表載列於十二月三十一日按照本集團的信貸政策劃分的信貸質素及最高信用風險（乃主要基於逾期資料（除非取得其他資料無須不必要的成本或努力）釐定）及年終所處階段分類。所呈列金額為金融資產的賬面總值。

於二零一九年十二月三十一日

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2019

		12個月預期 信貸虧損	全期預期信貸虧損			
		12-month ECLs	Lifetime ECLs			
		第一階段	第二階段	第三階段	簡易法	總計
		Stage 1	Stage 2	Stage 3	Simplified approach	Total
		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
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
貿易應收款項*	Trade receivables*	—	—	—	66,293	66,293
計入預付款項、其他應收 款項及其他資產的 金融資產 – 正常**	Financial assets included in prepayments, other receivables and other assets – Normal**	4,635,092	—	—	—	4,635,092
受限制現金	Restricted cash	5,137,032	—	—	—	5,137,032
已抵押存款	Pledged deposits	1,801,205	—	—	—	1,801,205
現金及現金等價物	Cash and cash equivalents	28,368,571	—	—	—	28,368,571
		39,941,900	—	—	66,293	40,008,193

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45. 財務風險管理目標及政策

(續)

(c) 信用風險 (續)

最大風險及年終所處階段 (續)

於二零一八年十二月三十一日

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2018

		12個月預期 信貸虧損		全期預期信貸虧損		總計
		12-month ECLs		Lifetime ECLs	簡易法 Simplified approach	
		第一階段 Stage 1	第二階段 Stage 2	第三階段 Stage 3		Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
貿易應收款項*	Trade receivables*	—	—	—	34,151	34,151
計入預付款項、其他應收款項及其他資產的金融資產 – 正常**	Financial assets included in prepayments, other receivables and other assets – Normal**	4,141,399	—	—	—	4,141,399
受限制現金	Restricted cash	4,866,036	—	—	—	4,866,036
已抵押存款	Pledged deposits	963,560	—	—	—	963,560
現金及現金等價物	Cash and cash equivalents	22,538,953	—	—	—	22,538,953
		32,509,948	—	—	34,151	32,544,099

* 本集團根據預期信貸虧損就減值資料應用簡易法的貿易應收款項於財務報表附註24披露。概無重大信用集中風險。

** 倘計入預付款項、其他應收款項及其他資產的金融資產並未逾期且並無資料顯示該等金融資產的信用風險自初始確認以來大幅增加，則該等金融資產之信貸質素被視為「正常」。

* For trade receivables to which the Group applies the simplified approach for impairment information based on the expected credit losses is disclosed in note 24 to the financial statements. There is no significant concentration of credit risk.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

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45. 財務風險管理目標及政策 (續)

(d) 流動資金風險

本集團的目標為透過運用計息銀行及其他借款、租賃負債、公司債券、優先票據以及資產支持證券所得款項維持融資持續性及靈活性之間的平衡。本集團持續密切監控現金流量。

本集團於報告期末按合約未折現付款計算的金融負債的到期情況如下：

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, lease liabilities, corporate bonds, senior notes and proceeds from asset-backed securities. Cash flows are being closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

		3個月以內	3至12個月	1年以上	總計	
按要求		Less than	3 to 12	Over 1		
On demand		3 months	months	year	Total	
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	
RMB'000		RMB'000	RMB'000	RMB'000	RMB'000	
二零一九年十二月三十一日	31 December 2019					
計息銀行及其他借款	Interest-bearing bank and other borrowings	—	3,003,740	13,813,113	23,988,842	40,805,695
公司債券	Corporate bonds	—	—	2,386,810	3,931,130	6,317,940
優先票據	Senior notes	—	441,705	2,932,522	17,096,818	20,471,045
租賃負債	Lease liabilities	—	19,727	50,587	65,047	135,361
貿易應付款項及應付票據	Trade and bills payables	16,752,615	—	—	—	16,752,615
計入其他應付款項的金融負債	Financial liabilities included in other payables	6,771,578	60,497	1,210,491	2,383,950	10,426,516
應付關聯公司款項	Due to related companies	7,386,244	—	—	—	7,386,244
		30,910,437	3,525,669	20,393,523	47,465,787	102,295,416

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二零一九年十二月三十一日
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45. 財務風險管理目標及政策

(續)

(d) 流動資金風險 (續)

二零一八年十二月三十一日 31 December 2018

			3個月以內	3至12個月	1年以上	總計
		按要求	Less than	3 to 12	Over 1	
		On demand	3 months	months	year	Total
		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
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
計息銀行及	Interest-bearing bank and					
其他借款	other borrowings	—	5,101,175	18,575,372	17,670,442	41,346,989
公司債券	Corporate bonds	—	—	1,337,299	2,300,000	3,637,299
優先票據	Senior notes	—	—	1,621,702	4,583,331	6,205,033
貿易應付款項及應付票據	Trade and bills payables	8,212,543	—	—	—	8,212,543
計入其他應付款項	Financial liabilities included					
的金融負債	in other payables	2,420,574	18,522	181,491	3,654,938	6,275,525
應付關聯公司款項	Due to related companies	3,332,983	—	—	—	3,332,983
		13,966,100	5,119,697	21,715,864	28,208,711	69,010,372

(e) 資本管理

本集團資本管理的主要目標為保障本集團持續經營並維持穩健的資本比率的能力，以支持其業務並使股東價值最大化。

本集團會根據經濟狀況的變化管理及調整其資本架構。為維持或調整資本架構，本集團或會對派付予股東的股息、股東資本回報或發行新股作出調整。

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk (Continued)

			3個月以內	3至12個月	1年以上	總計
		按要求	Less than	3 to 12	Over 1	
		On demand	3 months	months	year	Total
		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
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
計息銀行及	Interest-bearing bank and					
其他借款	other borrowings	—	5,101,175	18,575,372	17,670,442	41,346,989
公司債券	Corporate bonds	—	—	1,337,299	2,300,000	3,637,299
優先票據	Senior notes	—	—	1,621,702	4,583,331	6,205,033
貿易應付款項及應付票據	Trade and bills payables	8,212,543	—	—	—	8,212,543
計入其他應付款項	Financial liabilities included					
的金融負債	in other payables	2,420,574	18,522	181,491	3,654,938	6,275,525
應付關聯公司款項	Due to related companies	3,332,983	—	—	—	3,332,983
		13,966,100	5,119,697	21,715,864	28,208,711	69,010,372

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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45. 財務風險管理目標及政策

(續)

(e) 資本管理 (續)

本集團採用資產負債率 (即債務淨額除以資本總額與債務淨額之和) 來監控資本。本集團於債務淨額計入計息銀行及其他借款、優先票據、公司債券、貿易應付款項及應付票據、其他應付款項及應計費用、應付關聯公司款項減現金及現金等價物。資本指母公司擁有人應佔權益。於報告期末的資產負債率如下：

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Capital management (Continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, interest-bearing bank and other borrowings, senior notes, corporate bonds, trade and bills payables, other payables and accruals, amounts due to related companies, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

		二零一九年 十二月三十一日 31 December 2019 人民幣千元 RMB'000	二零一八年 十二月三十一日 31 December 2018 人民幣千元 RMB'000
貿易應付款項及應付票據	Trade and bills payables	16,752,615	8,212,543
其他應付款項及應計費用	Other payables and accruals	12,893,718	8,735,630
計息銀行及 其他借款	Interest-bearing bank and other borrowings	36,317,122	38,170,589
公司債券	Corporate bonds	5,505,303	3,150,187
優先票據	Senior notes	16,843,044	5,170,825
租賃負債	Lease liabilities	131,648	—
應付關聯公司款項	Due to related companies	7,386,244	3,332,983
減：現金及現金等價物	Less: Cash and cash equivalents	(28,368,571)	(22,538,953)
債務淨額	Net debt	67,461,123	44,233,804
母公司擁有人 應佔權益	Equity attributable to owners of the parent	16,396,527	13,528,968
資本及債務淨額	Capital and net debt	83,857,650	57,762,772
資產負債率	Gearing ratio	80%	77%

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46. 報告期後事項

於二零二零年一月七日，本公司發行本金額為290,000,000美元於二零二四年到期的優先票據。優先票據按年利率7.875%計息，且利息於每半年到期時支付。該等優先票據的到期日為二零二四年四月十四日。於到期日前任何時間，本公司可自行選擇按預定贖回價贖回該等優先票據。贖回價詳情於相關發售備忘錄內披露。

於二零二零年二月十九日，本公司發行本金額為200,000,000美元於二零二一年到期的優先票據。優先票據按年利率5.6%計息，且利息於每半年到期時支付。該等優先票據的到期日為二零二一年二月二十八日。於到期日前任何時間，本公司可自行選擇按預定贖回價贖回該等優先票據。贖回價詳情於相關發售備忘錄內披露。

於二零二零年一月初爆發的新型冠狀病毒(COVID-19)疫情在中國內地及其他地區持續蔓延。本集團將密切監控COVID-19疫情發展，並評估及積極應對其對本集團財務狀況及經營業績的影響。直至報告日期，評估工作仍在進行。

46. EVENTS AFTER THE REPORTING PERIOD

On 7 January 2020, the Company issued senior notes with a principal amount of US\$290,000,000 due in 2024. The senior notes bear interest at 7.875% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 14 April 2024. At any time prior to maturity, the Company may at its option redeem the senior notes, at a predetermined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

On 19 February 2020, the Company issued senior notes with a principal amount of US\$200,000,000 due in 2021. The senior notes bear interest at 5.6% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 28 February 2021. At any time prior to maturity, the Company may at its option redeem the senior notes, at a predetermined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

The outbreak of novel coronavirus (COVID-19) in early January 2020 continued to spread throughout Mainland China and beyond. The Group will monitor the developments of the situation of COVID-19 closely, assess and react actively to its impacts on the financial position and operating results of the Group. Up to the date of the report, the assessment is still in progress.

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47. 本公司財務狀況表

於報告期末，有關本公司財務狀況表的資料如下：

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

		二零一九年 2019 人民幣千元 RMB'000	二零一八年 2018 人民幣千元 RMB'000
非流動資產	NON-CURRENT ASSETS		
於附屬公司的投資	Investments in subsidiaries	—	—
物業、廠房及設備	Property, plant and equipment	2,525	2,640
非流動資產總額	Total non-current assets	2,525	2,640
流動資產	CURRENT ASSETS		
現金及現金等價物	Cash and cash equivalents	600,451	480,560
預付款項、其他應收款項及其他資產	Prepayments, other receivables and other assets	15,692	14,104
應收附屬公司款項	Due from subsidiaries	24,057,199	8,902,300
流動資產總值	Total current assets	24,673,342	9,396,964
流動負債	CURRENT LIABILITIES		
計息銀行及其他借款	Interest-bearing bank and other borrowings	69,871	—
其他應付款項及應計費用	Other payables and accruals	18,662	18,189
應付附屬公司款項	Due to subsidiaries	141,972	106,681
優先票據	Senior notes	3,482,134	1,094,198
流動負債總額	Total current liabilities	3,712,639	1,219,068
流動資產淨值	NET CURRENT ASSETS	20,960,703	8,177,896
總資產減流動負債	TOTAL ASSETS LESS CURRENT LIABILITIES	20,963,228	8,180,536
非流動負債	NON-CURRENT LIABILITIES		
計息銀行及其他借款	Interest-bearing bank and other borrowings	810,053	—
優先票據	Senior notes	13,546,621	4,076,627
非流動負債總額	Total non-current liabilities	14,356,674	4,076,627
淨資產	Net assets	6,606,554	4,103,909
權益	EQUITY		
股本	Share capital	282	265
儲備	Reserves	5,166,762	4,103,644
永續資本工具	Perpetual capital instruments	1,439,510	—
權益總額	Total equity	6,606,554	4,103,909

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47. 本公司財務狀況表 (續)

附註：

本公司的儲備概要如下：

		股本	股份溢價	保留溢利	匯兌波動儲備	永續資本工具	總計
		Share	Share	Retained	Exchange	Perpetual	Total
		capital	premium	profits	fluctuation	capital	
		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
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
於二零一八年	Balance at						
一月一日的結餘	1 January 2018	3	—	(39,351)	—	—	(39,348)
年內全面收益總額	Total comprehensive						
	income for the year	—	—	681,429	—	—	681,429
發行新股	Issuance of new shares	262	3,588,067	—	—	—	3,588,329
匯兌波動儲備	Exchange fluctuation						
	reserve	—	—	—	203,417	—	203,417
股息及分派	Dividends and						
	distributions	—	—	(329,918)	—	—	(329,918)
於二零一九年一月一日	Balance at						
及二零一八年十二月	1 January 2019 and						
三十一日的結餘	31 December 2018	265	3,588,067	312,160	203,417	—	4,103,909
年內全面	Total comprehensive						
收益總額	income for the year	—	—	552,458	—	76,403	628,861
發行新股	Issuance of new shares	17	1,056,435	—	—	—	1,056,452
發行永續	Issue of perpetual						
資本工具	capital instruments	—	—	—	—	1,363,107	1,363,107
匯兌波動	Exchange						
儲備	fluctuation reserve	—	—	—	(18,113)	—	(18,113)
股息及	Dividends and						
分派	distributions	—	—	(527,662)	—	—	(527,662)
於二零一九年	Balance at						
十二月三十一日的結餘	31 December 2019	282	4,644,502	336,956	185,304	1,439,510	6,606,554

48. 批准財務報表

董事會於二零二零年三月二十七日批准並授權刊發本財務報表。

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

		股本	股份溢價	保留溢利	匯兌波動儲備	永續資本工具	總計
		Share	Share	Retained	Exchange	Perpetual	Total
		capital	premium	profits	fluctuation	capital	
		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
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
於二零一八年	Balance at						
一月一日的結餘	1 January 2018	3	—	(39,351)	—	—	(39,348)
年內全面收益總額	Total comprehensive						
	income for the year	—	—	681,429	—	—	681,429
發行新股	Issuance of new shares	262	3,588,067	—	—	—	3,588,329
匯兌波動儲備	Exchange fluctuation						
	reserve	—	—	—	203,417	—	203,417
股息及分派	Dividends and						
	distributions	—	—	(329,918)	—	—	(329,918)
於二零一九年一月一日	Balance at						
及二零一八年十二月	1 January 2019 and						
三十一日的結餘	31 December 2018	265	3,588,067	312,160	203,417	—	4,103,909
年內全面	Total comprehensive						
收益總額	income for the year	—	—	552,458	—	76,403	628,861
發行新股	Issuance of new shares	17	1,056,435	—	—	—	1,056,452
發行永續	Issue of perpetual						
資本工具	capital instruments	—	—	—	—	1,363,107	1,363,107
匯兌波動	Exchange						
儲備	fluctuation reserve	—	—	—	(18,113)	—	(18,113)
股息及	Dividends and						
分派	distributions	—	—	(527,662)	—	—	(527,662)
於二零一九年	Balance at						
十二月三十一日的結餘	31 December 2019	282	4,644,502	336,956	185,304	1,439,510	6,606,554

48. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2020.

REGISTERED OFFICES

ISSUER

<i>Registered Office</i>	<i>Corporate Headquarters</i>	<i>Place of Business in Hong Kong</i>
Walkers Corporate Limited Cayman Corporate Center 27 Hospital Road George Town Grand Cayman KY1-9008 Cayman Islands	3/F Building 7 Hongqiao Zhenro Center 666 Shenhong Road Minhang District Shanghai, PRC	18/F Tesbury Center 28 Queen's Road East Wanchai Hong Kong

TRUSTEE

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c/o Citibank, N.A., Dublin Branch
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