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YOUNGO 粵港灣

GUANGDONG – HONG KONG GREATER BAY AREA HOLDINGS LIMITED

粵港灣控股有限公司

（於開曼群島註冊成立的有限公司）

（股份代號：1396）

海外監管公告

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

請參閱隨附日期為2023年9月1日的資料備忘錄（「資料備忘錄」），內容有關粵港灣控股有限公司（「本公司」）發行額外7.0%於2026年到期的優先票據，其與於2023年4月28日發行的7.0%於2026年到期的優先票據合併及組成單一類別，資料備忘錄已於新加坡交易所有限公司的網站發佈。

在聯交所網站刊登資料備忘錄僅旨在向香港投資者同步發佈資訊及為遵守上市規則第13.10B條的規定，並無其他目的。

資料備忘錄並不構成於任何司法權區向公眾人士提呈出售任何證券的招股章程、通告、通函、小冊子或廣告，亦非邀請公眾人士提出認購或購買任何證券的要約，且不在邀請公眾人士提出認購或購買任何證券的要約。

資料備忘錄不得被視為誘使認購或購買本公司任何證券，亦不擬構成該等勸誘。不應按資料備忘錄所載資料作出任何投資決定。

承董事會命
粵港灣控股有限公司
主席兼執行董事
羅介平

香港，2023年9月7日

於本公告日期，本公司執行董事為羅介平先生、王再興先生、蔡鴻文先生、何飛先生及魏海燕女士；本公司非執行董事為曾雲樞先生；本公司獨立非執行董事為關浣非先生、韓秦春先生及陳陽升先生。

STRICTLY CONFIDENTIAL — DO NOT FORWARD — NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES OF AMERICA, ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA (THE “UNITED STATES”) OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES OR IN ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OR ACTING FOR THE ACCOUNT OR BENEFIT OF NON-U.S. PERSONS THAT ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

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

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

PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the 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; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No. 1286/2014, as amended (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

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

The communication of the attached document and any other document or materials relating to the issue of the Notes offered thereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom 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 43(2) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “relevant persons”). In the United Kingdom, the Notes offered thereby are only available to, and any investment or investment activity to which the attached document relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the attached document or any of its contents.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission. We will provide a hard copy version to you upon request.

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

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the issuer of the Notes to subscribe for or purchase any of the Notes described therein and access has been limited so that it shall not constitute a general advertisement or solicitation in the United States or elsewhere.

You are reminded that you have accessed the attached Information Memorandum on the basis that you are a person into whose possession such Information Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver such Information Memorandum, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Notes described therein.

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

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

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



**GUANGDONG – HONG KONG GREATER BAY AREA
HOLDINGS LIMITED**
粵港灣控股有限公司

(Incorporated in the Cayman Islands with limited liability)

**Additional US\$25,958,911 of 7.0% Senior Notes due 2026 (the
“Notes”)
to be consolidated with the outstanding US\$413,578,609 of the Original Notes
Issue Price: 100.0% plus accrued interest from (and including) April 28, 2023 to (but
excluding) September 6, 2023**

We are issuing US\$25,958,911 aggregate principal amount of our 7.0% Senior Notes due 2026 (the “Notes”). The Notes will be issued under the indenture (the “Indenture”) governing our outstanding US\$413,578,609 aggregate principal amount of 7.0% Senior Notes due 2026 (the “Original Notes”). Terms not defined in this Information Memorandum have the meanings given to them in the attached Exchange Offer Memorandum dated April 17, 2023 (the “Exchange Offer Memorandum”).

The Notes constitute Additional Notes under the Indenture and are identical in all respects of the Original Notes, other than with respect to date of issuance and issue price. The Notes will be consolidated and form a single class with the Original Notes. Upon completion of this issuance the aggregate principal amount of outstanding Notes will be US\$439,537,520.

The Notes will bear interest from April 28, 2023 at 7.0% per annum payable semi-annually in arrears on April 28 and October 28 of each year, beginning April 28, 2023.

The Notes are senior obligations of Guangdong - Hong Kong Greater Bay Area Holdings Limited (the “Company”), unconditionally and irrevocably guaranteed by certain of our existing subsidiaries (together, the “Subsidiary Guarantors”). We refer to the guarantees by the Subsidiary Guarantors as the “Subsidiary Guarantees.” Under certain circumstances and subject to certain conditions, a limited-recourse guarantee (the “JV Subsidiary Guarantee”) may be provided by certain subsidiaries of the Company or may replace a Subsidiary Guarantee. We refer to the subsidiaries providing JV Subsidiary Guarantees as JV Subsidiary Guarantors. The Notes will also be guaranteed by the Subsidiary Guarantees and JV Subsidiary Guarantees (if any).

At any time and from time to time prior to the Maturity Date, we may at our option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date. Upon the occurrence of a Change of Control Triggering Event, we must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the date of repurchase.

The Notes will (i) be senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes, (ii) be at least *pari passu* in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law), (iii) guaranteed by the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations, (iv) be effectively subordinated to secured obligations (if any, other than Permitted *Pari Passu* Secured Indebtedness) of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor (other than the Collateral) and (v) be effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries. In addition, applicable law may limit the enforceability of the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). See “Risk Factors—Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees” in the Exchange Offer Memorandum.

For a more detailed description of the Notes, see “Description of the New Notes” in the Exchange Offer Memorandum. Investing in the Notes involves risks. See “Risk Factors” in the Exchange Offer Memorandum.

Application will be made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing and quotation of the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle from, admission of the Notes to the Official List of the SGX-ST, and listing and quotation of the Notes on the SGX-ST are not to be taken as an indication of the merits of this offering, the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors or any of their respective subsidiaries or associated companies, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any).

With reference to the Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法) (國家發展和改革委員會令第56號) (the “NDRC Administrative Measures”) issued by the National Development and Reform Commission (the “NDRC”) and became effective as at February 10, 2023, we have registered the issuance of the Notes with the NDRC and obtained a certificate from the NDRC dated April 6, 2023 evidencing such registration. 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 working days after the issue date of the Notes.

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

It is expected that the delivery of the Notes will be made through the facilities of Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”), on or about September 6, 2023 after we enter into the two debt settlement agreements with the investors for the settlement of the respective indebtedness that we owe to such investors.

The date of this Information Memorandum is September 1, 2023

This Information 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 Information 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 Information Memorandum or that the information contained in this Information Memorandum is correct as of any time after that date.

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

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

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

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

Notification under Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA") – Solely in connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018") the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) of the classification of the Notes as "prescribed capital markets products" (as defined in the CMP Regulations 2018)

and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Information 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 Information Memorandum before making a decision whether to purchase the Notes. You must not use this Information Memorandum for any other purpose, or disclose any information in this Information Memorandum to any other person.

We have prepared this Information 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” in the Exchange Offer Memorandum.

No representation or warranty, express or implied, is made or given by China Construction Bank (Asia) Corporation Limited (the “Trustee”) and China Construction Bank (Asia) Corporation Limited (the “Paying and Transfer Agent,” the “Settlement Agent” and the “Registrar,” and together, the “Agents”), or any person who controls any of them, or any of their respective directors, officers, employees, agents, affiliates or advisers as to the accuracy, completeness or sufficiency of the information set forth herein, and nothing contained in this Information Memorandum is, or should be relied upon as, a promise, representation or warranty, whether as to the past or the future. The Trustee, the Agents, or any person who controls any of them or any of their respective directors, officers, employees, agents, affiliates or advisers have not independently verified any of the information contained in this Information Memorandum or can give any assurance that this information is accurate, truthful or complete. To the fullest extent permitted by law, the Trustee, the Agents, or any person who controls any of them or any of their respective directors, officers, employees, agents, affiliates or advisers do not accept any responsibility for the contents of this Information Memorandum. The Trustee, the Agents, or any person who controls any of them or any of their respective directors, officers, employees, agents, affiliates or advisers accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Information Memorandum or any such statement.

Each person receiving this Information 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 Trustee, the Agents, or any person who controls any of them or any of their respective directors, officers, employees, agents, affiliates or advisers in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) (other than as contained herein and information given by our duly authorized officers and employees in connection with investors’ examination of us and the terms of the offering of the 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 Trustee, the Agents, or any person who controls any of them or any of their respective directors, officers, employees, agents, affiliates or advisers.

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 Information Memorandum. Any representation to the contrary is a criminal offense in the United States.

We 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 Information 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 Information Memorandum comes are required by us to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the securities, including the Notes and the Subsidiary Guarantees, and distribution of this Information Memorandum, see the sections entitled “Transfer Restrictions” and “Plan of Distribution” in the Exchange Offer Memorandum.

This Information 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 Information Memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the offering, including the merits and risks involved. Neither we nor the Trustee, the Agents, any person who controls any of them, nor any of their respective directors, officers, employees, affiliates, advisers, agents or representatives are making any representation to you regarding the legality of an investment in the Notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this Information Memorandum to be legal, business or tax advice. You should consult your own professional advisers for legal, business, tax and other advice regarding an investment in the Notes.

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

INCORPORATION BY REFERENCE

We incorporate by reference the following documents:

- all the filings we made to the Stock Exchange of Hong Kong Limited (the “SEHK”) since April 17, 2023; and
- all the filings we made to the SGX-ST since April 17, 2023.

In addition, we incorporate by reference all of the future interim reports that we file with the SEHK. You may obtain these documents from the SEHK website.

USE OF PROCEEDS

We will not receive any cash proceeds from this offering. Any Existing Notes that we receive in connection with this offering will be canceled.

DESCRIPTION OF THE NOTES

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

We will issue the Notes as Additional Notes under the Indenture.

We are issuing US\$25,958,911 aggregate principal amount of Notes in this offering. The Notes constitute Additional Notes under the Indenture and are identical in all respects to the Original Notes, other than with respect to date of issuance and issue price, and will be consolidated and form a single class with the Original Notes. Upon completion of this issuance, the aggregate principal amount of outstanding Notes and Original Notes will be US\$439,537,520. Interest on the Notes will accrue from April 28, 2023. All references to the New Notes in the Exchange Offer Memorandum include the Notes and Original Notes, except as otherwise stated.

The Notes issued in reliance on Regulation S will have the same ISIN and common code as those that are assigned to the Original Notes previously sold to investors in reliance on Regulation S. The Notes will be 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.

Unless otherwise defined, you can find the definitions of the terms used in this section in the Exchange Offer Memorandum.

ISSUER

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**Additional US\$25,958,911 of 7.0% Senior Notes due 2026
to be consolidated with the outstanding US\$413,578,609 of the Original Notes**

YOUNGO 粤港湾

**GUANGDONG – HONG KONG GREATER BAY AREA
HOLDINGS LIMITED
粤港湾控股有限公司**

Information Memorandum

September 1, 2023

STRICTLY CONFIDENTIAL — DO NOT FORWARD — NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES OF AMERICA, ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA (THE “UNITED STATES”) OR TO ANY PERSON LOCATED OR RESIDENT IN THE UNITED STATES OR IN ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO

THIS EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE OR ACTING FOR THE ACCOUNT OR BENEFIT OF NON-U.S. PERSONS THAT ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

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

Confirmation of Your Representation: You have accessed the attached document on the basis that you have confirmed your representation to China CITIC Bank International Limited (the “Dealer Manager”) that (1) you are or are acting for the account or benefit of a non-U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”)) outside the United States and to the extent you purchase the New Notes described in the attached exchange offer memorandum, you will be doing so pursuant to Regulation S under the Securities Act and (2) that you consent to delivery of the attached exchange offer memorandum and any amendments or supplements thereto by electronic transmission.

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

PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the 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; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No. 1286/2014, as amended (the “PRIIPs Regulation”) for offering or selling the New Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the New Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

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

The communication of the attached document and any other document or materials relating to the issue of the New Notes offered thereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the FSMA. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom 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 43(2) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “relevant persons”). In the United Kingdom, the New Notes offered thereby are only available to, and any investment or investment activity to which the attached document relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the attached document or any of its contents.

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

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

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

You are reminded that you have accessed the attached exchange offer memorandum on the basis that you are a person into whose possession such exchange offer memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver such exchange offer memorandum, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the New Notes described therein.

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

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

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

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



GUANGDONG – HONG KONG GREATER BAY AREA HOLDINGS LIMITED

粵港灣控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Offer to Exchange at least a Minimum Acceptance Amount (as defined below) of each series of the Following Outstanding Debt Securities:

Description of Debt Securities	Outstanding Amount	ISIN/Common Code	Minimum Acceptance Amount	Exchange Consideration per US\$1,000 of applicable Existing Notes (as defined herein) tendered for exchange
12.0% Senior Notes Due 2023 (the "May 2023 Notes")	US\$75,000,000	XS2485447838/248544783	67,500,000	US\$1,010 in aggregate principal amount of the New Notes. See the section entitled "Description of the Exchange Offer — Exchange Consideration and the Instruction Fees."
13.85% Senior Notes Due 2023 (the "October 2023 Notes")	US\$303,620,000	XS2386427525/238642752	273,258,000	US\$1,000 in aggregate principal amount of the New Notes. See the section entitled "Description of the Exchange Offer — Exchange Consideration and the Instruction Fees."

THIS EXCHANGE OFFER (AS DEFINED HEREIN) WILL EXPIRE AT 4:00 P.M., LONDON TIME ON April 25, 2023, UNLESS EXTENDED OR EARLIER TERMINATED AT OUR SOLE DISCRETION (SUCH DATE AND TIME, AS THE SAME MAY BE EXTENDED, THE "EXPIRATION DEADLINE"). THE EXCHANGE OFFER FOR EACH OF THE MAY 2023 NOTES AND THE OCTOBER 2023 NOTES (COLLECTIVELY, THE "EXISTING NOTES" AND EACH, A "SERIES") CONSTITUTE SEPARATE EXCHANGE OFFERS. ONLY AN ELIGIBLE HOLDER (AS DEFINED HEREIN) OF RELEVANT SERIES IN RESPECT OF WHICH A VALID INSTRUCTION TO EXCHANGE (AS DEFINED HEREIN) HAS BEEN DELIVERED AT OR PRIOR TO THE EXPIRATION DEADLINE WILL BE ENTITLED TO RECEIVE EXCHANGE CONSIDERATION (AS DEFINED HEREIN). INSTRUCTIONS (AS DEFINED HEREIN) MAY NOT BE WITHDRAWN ONCE SUBMITTED, EXCEPT AS OTHERWISE DESCRIBED HEREIN.

Upon the terms and subject to the conditions set forth in this exchange offer memorandum (this "exchange offer memorandum"), we, Guangdong — Hong Kong Greater Bay Area Holdings Limited (previously known as Hydo International Holding Limited, the "Company"), are offering to exchange (the "Exchange Offer") for (A) at least US\$67,500,000, or 90% of the outstanding principal amount of the May 2023 Notes (the "May 2023 Minimum Acceptance Amount"); and (B) at least US\$273,258,000, or 90% of the outstanding principal amount of the October 2023 Notes (the "October 2023 Minimum Acceptance Amount") and the references to "Minimum Acceptance Amount" are to the May 2023 Minimum Acceptance Amount or the October 2023 Minimum Acceptance Amount, as the case may be held by Eligible Holders (as defined herein) for the exchange consideration (i) for each US\$1,000 principal amount of the May 2023 Notes that is validly tendered by or prior to the Expiration Deadline and accepted for exchange consisting of US\$1,010 in aggregate principal amount of the US\$ denominated Senior Notes due February 2026 (the "New Notes"), and (ii) for each US\$1,000 principal amount of the October 2023 Notes that is validly tendered by or prior to the Expiration Deadline and accepted for exchange consisting of US\$1,000 in aggregate principal amount of the New Notes (the "Exchange Consideration").

The New Notes will mature on the date falling on the last day of the 36th months after the Original Issue Date and bear an interest rate of 7.0% per annum.

The Existing Notes are unconditionally and irrevocably guaranteed by certain of our subsidiaries (together, the "Subsidiary Guarantors"). We refer to the guarantees by the Subsidiary Guarantors as the "Subsidiary Guarantees." Under certain circumstances and subject to certain conditions, a limited-recourse guarantee (the "JV Subsidiary Guarantee") may be provided by certain subsidiaries of the Company or may replace a Subsidiary Guarantee. We refer to the subsidiaries providing JV Subsidiary Guarantees as JV Subsidiary Guarantors. The New Notes will also be guaranteed by the Subsidiary Guarantees and JV Subsidiary Guarantees (if any).

Any accrued and unpaid interest on any Existing Notes validly tendered by Eligible Holders and accepted for exchange, up to but not including the Settlement Date, shall be paid in kind by increasing the principal amount of the New Notes to be issued to Eligible Holders by the amount of such accrued and unpaid interest on the Existing Notes. For further details, see the section entitled "Description of the Exchange Offer — Exchange Consideration and the Instruction Fees."

Terms used in this exchange offer memorandum that are not otherwise defined herein have the meanings set forth in the indenture dated May 23, 2022 (as amended or supplemented to the date hereof, the "May 2023 Indenture"), by and among the Company, the Subsidiary Guarantors, and Citicorp International Limited, as trustee (the "May 2023 Notes Trustee"), and the indenture dated October 12, 2021 (as amended or supplemented to the date hereof, the "October 2023 Indenture"), and together with the May 2023 Indenture, the "Existing Notes Indentures" and each, an "Existing Notes Indenture", by and among the Company, the Subsidiary Guarantors, and Citicorp International Limited, as trustee (the "October 2023 Notes Trustee" and, together with the May 2023 Notes Trustee, the "Existing Notes Trustees" and each, an "Existing Notes Trustee"). We plan to use our own internal funds to pay the Instruction Fee described below, if applicable.

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

To facilitate the implementation of a restructuring of the Existing Notes, we may, as an alternative to the Exchange Offer, consider launching a scheme pursuant to Part 13 Division 2 of the Companies Ordinance (Cap. 622, Laws of Hong Kong) (and/or a scheme in any other relevant jurisdiction at the sole discretion of the Company) (the "Scheme") to effect a Restructuring (as defined in the Restructuring Support Agreement) of the Existing Notes on terms similar to the Exchange Offer but open to all holders of the Existing Notes (including U.S. persons (as defined in Regulation S under the Securities Act), as contemplated in the term sheet attached to the form of the Restructuring Support Agreement (the "Restructuring Support Agreement") set forth in Appendix A to this exchange offer memorandum. To facilitate the approval of the Scheme, we are requiring, as a condition to participate in the Exchange Offer, each Eligible Holder tendering in the Exchange Offer to also execute (in the case such Eligible Holder is a beneficial owner of the Existing Notes), or cause the beneficial owners on whose behalf such Eligible Holder is holding the Existing Notes to execute (in the case such Eligible Holder is not a beneficial owner for all of the Existing Notes it holds), the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof). Holders of the Existing Notes will need to visit the RSA Accession Portal (https://deals.is.kroll.com/youngo-rsa) for instructions on how to execute the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof).

Subject to the terms of the Restructuring Support Agreement, a fee of 0.3% (the "Instruction Fee") will be paid on the Restructuring Effective Date (as defined in the Restructuring Support Agreement) (or as soon as practicable thereafter) on Existing Notes tendered in the Exchange Offer and restricted in the Restructuring Support Agreement (such Scheme Creditor, as such term is defined in the Restructuring Support Agreement, must enter into the Restructuring Support Agreement (the "Consenting Creditor") on or before 4:00 p.m., London time on April 25, 2023 (the "Instruction Fee Deadline"), unless extended in accordance with the terms of the Restructuring Support Agreement (such Existing Notes, the "Eligible Restricted Notes"). See "Description of the Exchange Offer — Exchange Consideration and the Instruction Fees."

Instructions to exchange any of the Existing Notes may only be submitted in a minimum principal amount of US\$200,000 and integral multiples of US\$1,000 in excess thereof. Any New Notes to be issued to any Eligible Holder in the Exchange Offer will be in a minimum principal amount of US\$150,000 and integral multiples of US\$1 in excess thereof. Any fractional amounts of the New Notes will be forfeited. Any tendering Eligible Holder must tender its entire holding of the relevant Series of the Existing Notes for exchange. We reserve our right not to accept any partial tender of Existing Notes by any Eligible Holders. Eligible Holders are responsible for ensuring that their instructions will result in the New Notes they are entitled to receive being at least equal to the minimum principal amount of US\$150,000. Instructions that would result in a principal amount of New Notes below US\$150,000 will be rejected.

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

The Exchange Offer are subject to the conditions discussed under "Description of the Exchange Offer — Conditions to the Exchange Offer." Our obligation to accept for exchange any Series of the Existing Notes validly tendered is subject to, and conditioned upon, among other things, the valid tender of Existing Notes for at least the Minimum Acceptance Amount for such Series, and we reserve the right, at our sole discretion, to amend any term of, or waive any condition, including the Minimum Acceptance Amount, to the Exchange Offer prior to the Expiration Deadline. See "Description of the Exchange Offer — Conditions to the Exchange Offer." Notwithstanding anything to the contrary contained in this exchange offer memorandum or in any other document related to the Exchange Offer, we expressly reserve the right, at our sole discretion and regardless of whether any of the conditions described under "Description of the Exchange Offer — Conditions to the Exchange Offer" have been satisfied, subject to applicable law, at any time to (i) terminate the Exchange Offer, in whole or in part, (ii) waive any of the conditions described herein, in whole or in part, (iii) extend the Expiration Deadline or Settlement Date, (iv) amend the terms of the Exchange Offer or (v) modify the form or amount of the consideration to be paid pursuant to this Exchange Offer. If we accept for exchange such Existing Notes and proceed to consummate the Exchange Offer, we will pay, with respect to Existing Notes validly tendered and accepted for exchange, the Exchange Consideration as described above.

Only direct participants in Euroclear Bank SA/NV ("Euroclear") or Clearstream Banking S.A. ("Clearstream") may submit instructions through Euroclear and Clearstream. If you are not a direct participant in Euroclear or Clearstream, you must contact your broker, dealer, bank, custodian, trust company or other nominee to arrange for its direct participant through which you hold the Existing Notes to submit an instruction on your behalf to the relevant clearing system prior to the deadline specified by the relevant clearing system. Any Eligible Holder that gives instructions on behalf of a beneficial holder must (i) disclose the name of the beneficial holder, their email address and telephone number, and (ii) give separate instructions with respect to each of its beneficial holders. Upon giving instructions with respect to any Existing Notes, those Existing Notes will be blocked and may not be transferred until the Exchange Offer is terminated so as to result in a cancellation of such instructions.

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

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

Application will be made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the New Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle form, admission of the New Notes to the Official List of the SGX-ST, and listing and quotation of the New Notes on the SGX-ST are not to be taken as an indication of the merits of the Exchange Offer, the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors or any of their respective subsidiaries or associated companies, the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any).

With reference to the Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法) (國家發展和改革委員會令第56號) (the "NDRC Administrative Measures") issued by the National Development and Reform Commission (the "NDRC") and became effective as at February 10, 2023, we have registered the issuance of the New Notes with the NDRC and obtained a certificate from the NDRC dated April 6, 2023 evidencing such registration. Pursuant to the registration certificate, we will cause relevant information relating to the issue of the New Notes to be reported to the NDRC within ten working days after the issue date of the New Notes.

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

Dealer Manager

China CITIC Bank International Limited

The date of this exchange offer memorandum is April 17, 2023

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

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The communication of this exchange offer memorandum and any other document or materials relating to the issue of the New Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the 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 43(2) of the Financial Promotion Order, or who are any other

persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “relevant persons”). In the United Kingdom, the New Notes offered hereby are only available to, and any investment or investment activity to which this exchange offer memorandum relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this exchange offer memorandum or any of its contents.

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

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

No representation or warranty, express or implied, is made by China CITIC Bank International Limited (the “Dealer Manager”), China Construction Bank (Asia) Corporation Limited, as trustee (the “New Notes Trustee”), as paying and transfer agent (the “New Notes Paying and Transfer Agent”) and as registrar (the “New Notes Registrar” and, together with the New Notes Paying and Transfer Agent, the “New Notes Agents”), Citicorp International Limited (the “Existing Notes Trustee”), Citibank, N.A., London Branch (the “Existing Notes Paying and Transfer Agent”) and Citibank, N.A., London Branch (the “Existing Notes Registrar,” together with the Existing Notes Paying and Transfer Agent, the “Existing Notes Agents”) or Kroll Issuer Services Limited, being the information, exchange and tabulation agent (the “Information, Exchange and Tabulation Agent”) or any of their respective affiliates, directors or advisors as to the accuracy or completeness of the information set forth herein, and nothing contained in this exchange offer memorandum is, or should be relied upon as, a promise or representation, whether as to the past or the future. None of the Dealer Manager, the New Notes Trustee, the Existing Notes Trustee, the New Notes Agents, the Existing Notes Agents, the Information, Exchange and Tabulation Agent and any of their respective affiliates, directors or advisors has

independently verified any of the information contained in this exchange offer memorandum. They can give no assurance that this information is accurate, truthful or complete, and, to the fullest extent permitted by law, none of them accepts any responsibility for the contents of this exchange offer memorandum. This exchange offer memorandum is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by the Company, the Subsidiary Guarantors, the Dealer Manager, the New Notes Trustee, the Existing Notes Trustee, the New Notes Agents, the Existing Notes Agents, or the Information, Exchange and Tabulation Agent as to whether Eligible Holders of the Existing Notes should tender the Existing Notes pursuant to the Exchange Offer.

Each person receiving this exchange offer memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Dealer Manager or any person affiliated with the Dealer Manager in connection with any investigation of the accuracy of such information or its decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries and affiliates, the New Notes or the 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 Exchange Offer) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us or the Dealer Manager.

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

We are not, and the Dealer Manager is not, making an offer to sell the New Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), in any jurisdiction except where an offer or sale is permitted. The Dealer Manager is not making any recommendation regarding the Exchange Offer to any Eligible Holders, or to any advisor or other representative of any such Eligible Holders. The distribution of this exchange offer memorandum and the Exchange Offer may in certain jurisdictions be restricted by law. Persons into whose possession this exchange offer memorandum comes are required by us and the Dealer Manager to inform themselves about and to observe any such restrictions. For a description of the restrictions on the offer and distribution of the New Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), and distribution of this exchange offer memorandum, see the section entitled "Offer and Distribution Restrictions" below.

This exchange offer memorandum summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this exchange offer memorandum. In making an investment decision, you must rely on your own examination of us and the terms of the Exchange Offer, including the merits and risks involved.

We are not making any representation to you regarding the legality of tendering the Existing Notes pursuant to the Exchange Offer by you under any legal, investment, taxation or similar laws or regulations. You should not consider any information in this exchange offer memorandum to be legal, business or tax advice. You should consult your own professional advisors for legal, business, tax and other advice regarding tendering the Existing Notes pursuant to the Exchange Offer.

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

OFFER AND DISTRIBUTION RESTRICTIONS

This exchange offer memorandum does not constitute an offer of securities for sale in any jurisdiction where it is unlawful to do so. The distribution of this exchange offer memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this exchange offer memorandum comes are required by each of us, the Existing Notes Trustee, the New Notes Trustee, the Dealer Manager and the Information, Exchange and Tabulation Agent to inform themselves about and to observe any such restrictions.

UNITED STATES

The Exchange Offer will only be made to Eligible Holders who are located outside the United States and hold the Existing Notes through the Clearing Systems (as defined herein) or certain fiduciaries holding accounts for the benefit of persons outside the United States and holding the Existing Notes through the relevant Clearing System.

The New Notes have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the United States or other jurisdictions, and the New Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S of the Securities Act) outside the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable laws of any other jurisdiction.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

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

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

PROHIBITION OF SALES TO UK RETAIL INVESTORS

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

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or

- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA.

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

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

HONG KONG

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

No advertisement, invitation or document relating to the Exchange Offer or the New Notes has been or may be issued or has been 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 securities laws of Hong Kong) other than with respect to the New Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made thereunder.

JAPAN

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

SINGAPORE

Each Dealer Manager has acknowledged that this exchange offer memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer Manager has represented, warranted and agreed that it has not offered or sold any New Notes or caused the New Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any New Notes or cause the New Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this exchange offer memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) 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.

Any reference to the SFA is a reference to the Securities and Futures Act 2001 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

THE PRC

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

CAYMAN ISLANDS

No offer or invitation, whether directly or indirectly, may be made to the public in the Cayman Islands to subscribe for the New Notes and no such invitation is made hereby.

BRITISH VIRGIN ISLANDS

No invitation has been or will be made directly or indirectly to the public in the British Virgin Islands or any natural person resident or citizen in the British Virgin Islands to subscribe for any of the New Notes.

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

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

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

In this exchange offer memorandum, the term “Company” refers to Guangdong — Hong Kong Greater Bay Area Holdings Limited, the term “Group” refers to Guangdong — Hong Kong Greater Bay Area Holdings Limited and its subsidiaries, and the terms “we,” “us,” “our,” and words of similar import refer to Guangdong — Hong Kong Greater Bay Area Holdings Limited, or Guangdong — Hong Kong Greater Bay Area Holdings Limited and its subsidiaries, as the context requires. The term “Board” refers to the board of directors of the Company. The term “Former Controlling Shareholders” refers to, collectively, Mr. Wong Choi Hing, Mr. Wang Dewen, Mr. Wang Jianli, Mr. Wang Quanguang, Mr. Wang Desheng, Mr. Wang Dekai, Mr. Huang Dehong and Mr. Wong Sheung Tak, Most Trend Holdings Limited and Eminent Ascend Limited. The term “Controlling Shareholder” refers to, collectively, Mr. Zeng Yunshu, Ruixinhaide Holdings Limited and China Guangdong — Hong Kong Greater Bay Area Holdings Limited. The term “Wang Family Group” refers to Mr. Wong Choi Hing and his siblings and their families who commenced the development and operation of trade center projects in China in 1995.

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

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

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

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

- “Listing Rules” means the Rules Governing the Listing of Securities on SEHK (as amended or supplemented from time to time).

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

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

PRESENTATION OF FINANCIAL INFORMATION

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

We prepare and publish our consolidated financial statements in Renminbi. Unless otherwise stated in this exchange offer memorandum, all translations from Renminbi amounts to U.S. dollars were made at the rate of RMB6.6981 to US\$1.00, and HK\$7.8472 to US\$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi and Hong Kong dollars respectively as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2022. All such translations in this exchange offer memorandum are provided solely for your convenience and no representation is made that the Renminbi or Hong Kong dollars amounts referred to herein have been, could have been or could be converted into U.S. dollars, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see “Exchange Rate Information.”

INDUSTRY AND MARKET DATA

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

FORWARD-LOOKING STATEMENTS

Certain statements in this exchange offer memorandum are forward looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will,” “expect,” “anticipate,” “estimate,” “believe,” “going forward,” “ought to,” “may,” “seek,” “should,” “intend,” “plan,” “projection,” “could,” “vision,” “goals,” “aim,” “aspire,” “objective,” “target,” “schedules” and “outlook”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this exchange offer memorandum), uncertainties and other factors some of which are beyond our control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our operations and business prospects,
- our strategies, plans and goals and our ability to implement such strategies, plans and goals,
- general political and economic conditions in China,
- the development of the real estate and related markets in China,
- future developments, competition, trends, regulatory environment and conditions in the property development industry and any other industries we operate or plan to operate in China,
- our dividend policy,
- projects under development,
- our future capital needs and capital expenditure plans,
- capital markets developments,
- volumes, operations, margins, overall market trends and risk management,
- other statements in this exchange offer memorandum that are not historical fact,

- exchange rate fluctuations and developing legal system, in each case pertaining to China and the industry and markets in which we operate,
- financial condition and performance,
- macroeconomic measures taken by China to manage economic growth, and
- other factors beyond our control.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution investors against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and, we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions are made as of the date of this document.

Any such intentions may change in light of future developments. All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

ENFORCEMENT OF CIVIL LIABILITIES

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

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

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

We have been advised by our British Virgin Islands legal advisor, Maples and Calder (Hong Kong) LLP, that any final and conclusive monetary judgment obtained against us in the courts of State of New York (the "Foreign Court"), for a definite sum, may be treated by the courts of the British Virgin Islands as a cause of action in itself so that no retrial of the issues would be necessary provided that in respect of the judgment of the Foreign Court: (i) the Foreign Court issuing the judgment had jurisdiction in the matter and the Company either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process; (ii) the judgment given by the Foreign Court was not in respect of penalties, taxes,

finances or similar fiscal or revenue obligations of the Company; (iii) in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the Foreign Court; (iv) recognition or enforcement of the judgment in the British Virgin Islands would not be contrary to public policy; and (v) the proceedings pursuant to which judgment was obtained were not contrary to natural justice.

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

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

There is uncertainty as to whether the courts of the PRC would (i) enforce judgments of U.S. court obtained against us, our directors or officers, the Subsidiary Guarantors or their directors or officers predicated upon the civil liability provisions of the U.S. federal or state securities laws or (ii) entertain original actions brought in China against us, our directors or officers, the Subsidiary Guarantors or their directors or officers predicated upon the U.S. federal or state securities laws.

GLOSSARY OF TECHNICAL TERMS

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

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

SUMMARY

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

BACKGROUND AND PURPOSE OF THE EXCHANGE OFFER

Since the second half of 2021, Chinese property developers and the related capital markets have experienced an inflection point. The Chinese government has continued to take strict measures to stabilize the development of the real estate sector. Reduced bank lending for real estate development has resulted in reduced access by property developers to onshore capital. In addition, real estate sales declined significantly due to a reduction in bank mortgage lending to buyers and concerns about the ability of real estate developers to complete projects as a result of a number of negative credit events. As a result of the drastic changes in market conditions, the majority real estate developers in China experienced a contraction in operating and financing cash flows.

Against the backdrop of the adverse market conditions, in order to provide liquidity and meet our financial commitments, we actively implemented various measures to accelerate the pre-sales and sales of properties under development and completed properties, and to accelerate the return of funds from sales and other receivables. However, our total unaudited contracted sales for the six months ended June 30, 2022 still decreased significantly by approximately 64.0% as compared to the same period in 2021.

We expect the market environment of the real estate industry to remain under pressure for a long period of time in the future.

Despite our efforts to enhance our liquidity position, due to uncertainties over debt refinancing and challenging operating and funding conditions resulting from adverse market conditions, we experienced occurrence of certain defaults under certain of our offshore indebtedness. As of the date of this exchange offer memorandum, we have not made an interest payment due on October 12, 2022 under the October 2023 Notes and an interest payment due on November 23, 2022 under the May 2023 Notes.

We believe that the Exchange Offer, if successfully completed, can improve our financial condition, extend our debt maturity profile and improve our cash flow. If the Exchange Offer is not successfully consummated, and we are unable to extend the maturities of the Existing Notes, we may have to consider alternative debt restructurings, including resorting to a scheme of arrangement to effect a restructuring of the Existing Notes pursuant to the terms of the Restructuring Support Agreement (the form of which is set forth in Appendix A to this exchange offer memorandum).

OVERVIEW

Historically we focused our business on the development and operation of trade centers in second- and third-tier cities in China. In 2019, we carried out a major restructuring by bringing in new strategic shareholders to assist us with our development and industrial upgrade. In 2020, we repositioned ourselves from a developer and operator of trade centers in China to a new industrial city service provider.

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

Due to various unfavorable macroeconomic and financial factors and multiple waves of COVID-19 pandemics in the first half of 2022, the real estate market in China was adversely affected and the confidence of real estate buyers was seriously weakened, resulting in declines in both sales and selling prices of properties. Our business development had also slowed down. As a result, our contracted sales in the first half of 2022 decreased by approximately 64.0% as compared to the first half of 2021. Among our sales in the first half of 2022, approximately 76.1% came from residential properties and the remaining 23.9% came from commercial and other properties. As at 30 June 2022, our total land bank with land use rights was approximately 9.0 million sq.m.

In 2019, 2020, 2021 and the six months ended June 30, 2022, our revenue amounted to RMB1,583.3 million, RMB3,737.2 million, RMB5,570.9 million and RMB1,321.7 million, respectively.

GENERAL INFORMATION

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

SUMMARY OF THE EXCHANGE OFFER

This summary contains basic information about the Exchange Offer. It may not contain all of the information that is important to you in deciding to accept the Exchange Offer and/or execute the Restructuring Support Agreement and it is qualified in its entirety by the more detailed information included in this exchange offer memorandum. You should carefully consider the information contained in this exchange offer memorandum, including the “Risk Factors.” In addition, certain statements include forward-looking statements that involve risks and uncertainties. See “Forward-Looking Statements.” In particular, any summary or description of the Restructuring Support Agreement hereto is qualified in its entirety by, and is subject to, the full form of the Restructuring Support Agreement set forth in Appendix A to this exchange offer memorandum. Holders are encouraged to read the full form of the Restructuring Support Agreement set forth in Appendix A to this exchange offer memorandum in detail and should not rely on the summary or description of the Restructuring Support Agreement hereto.

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

Company Guangdong — Hong Kong Greater Bay Area Holdings Limited (previously known as Hydoo International Holding Limited)

The Exchange Offer Upon the terms and subject to the conditions set forth in this exchange offer memorandum, we are offering to exchange (A) at least US\$67,500,000, or 90% of the outstanding principal amount of the May 2023 Notes (the “May 2023 Minimum Acceptance Amount”); and (B) at least US\$273,258,000, or 90%, of the outstanding principal amount of the October 2023 Notes (the “October 2023 Minimum Acceptance Amount” and the references to “Minimum Acceptance Amount” are to the May 2023 Minimum Acceptance Amount or October 2023 Minimum Acceptance Amount, as the case may be) held by Eligible Holders for the Exchange Consideration.

As of the date of this exchange offer memorandum, US\$75,000,000 in aggregate principal amount of our May 2023 Notes and US\$303,620,000 in aggregate principal amount of our October 2023 Notes is outstanding.

Any tendering Eligible Holders must also execute and agree to be bound by the terms of the Restructuring Support Agreement. See “— The Scheme” below.

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

We cannot assure you that the Exchange Offer will be consummated on the terms described in this exchange offer memorandum or at all.

Subject to the terms of this exchange offer memorandum, an Eligible Holder who submits its instruction(s) in respect of the Exchange Offer only without executing the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof) is not entitled to any Exchange Consideration.

The Scheme To facilitate the implementation of a restructuring of the Existing Notes, we may, as an alternative to the Exchange Offer, consider launching a scheme pursuant to Part 13 Division 2 of the Companies Ordinance (Cap. 622, Laws of Hong Kong) (and/or a scheme in any other relevant jurisdiction at the sole discretion of the Company) to effect a Restructuring of the Existing Notes on terms similar to the Exchange Offer but open to all holders of the Existing Notes (including U.S. persons (as defined in Regulation S of the Securities Act), as contemplated in the term sheet attached to the form of the Restructuring Support Agreement set forth in Appendix A to this exchange offer memorandum. To facilitate the approval of the Scheme, we are requiring, as a condition to participate in the Exchange Offer, each Eligible Holder tendering in the Exchange Offer to also execute (in the case such Eligible Holder is a beneficial owner of the Existing Notes), or cause the beneficial owners on whose behalf such Eligible Holder is holding the Existing Notes to execute (in the case such Eligible Holder is not a beneficial owner for all of the Existing Notes it holds), the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof). Holders of the Existing Notes will need to visit the RSA Accession Portal (<https://deals.is.kroll.com/younggo-rsa>) for instructions on how to execute the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof).

Any tendering Eligible Holder must tender its entire holding of the relevant Series of the Existing Notes for exchange. We reserve our right not to accept any partial tender of Existing Notes by any Eligible Holders. Each tendering Eligible Holder must also execute (in the case such Eligible Holder is a beneficial owner of the Existing Notes), or cause the beneficial owners on whose behalf such Eligible Holder is holding the Existing Notes to execute (in the case such Holder is not a beneficial owner for all of the Existing Notes it holds), the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof). With respect to any tendered Existing Notes, the tender by its Holder will not be considered valid unless and until the beneficial owner of such Existing Notes has also validly executed the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof) and delivered it to the Information, Exchange and Tabulation Agent. Eligible Holders and beneficial owners may not execute the Restructuring Support Agreement only without tendering Existing Notes for exchange. In other words, **an Eligible Holder of Existing Notes who wishes to participate in the Exchange Offer must (i) tender the Existing Notes it holds for exchange, and (ii) validly execute (or cause relevant beneficial owners to validly execute) the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof), each with respect to the entire holding of the relevant Series of the Existing Notes and in accordance with the terms**, and subject to the conditions, of the Exchange Offer.

Eligible Holders of Existing Notes who tender their Existing Notes and execute the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof) will continue to be bound by the terms of the Restructuring Support Agreement if the Exchange Offer is terminated, unless and until the Restructuring Support Agreement is terminated.

Purpose of the Exchange Offer . . . We intend to refinance the Existing Notes and improve our debt structure to enable us to extend our debt maturity profile, strengthen our balance sheet and improve cash flow management.

If the Exchange Offer is not successfully consummated, we might undertake alternative debt restructuring exercises, including resorting to the Scheme to effect a restructuring of the Existing Notes pursuant to the terms of the Restructuring Support Agreement (the form of which is set forth in Appendix A to this exchange offer memorandum), which each tendering Eligible Holder would have executed (in the case such Eligible Holder is a beneficial owner of the Existing Notes), or caused the beneficial owners on whose behalf such Eligible Holder is holding the Existing Notes to execute (in the case such Holder is not a beneficial owner for all of the Existing Notes it holds), if in our judgment there is sufficient support from Eligible Holders for the Scheme.

There is no guarantee that the Scheme will be completed by any of the maturity dates of the Existing Notes, or at all.

Minimum Acceptance Amount May 2023 Notes Minimum Acceptance Amount:

The minimum aggregate principal amount of the May 2023 Notes, being US\$67,500,000, or 90%, of the outstanding principal amount of the May 2023 Notes, for which valid tenders are received and that the Company will determine, in its sole discretion, whether it will accept for exchange pursuant to the Exchange Offer.

October 2023 Notes Minimum Acceptance Amount:

The minimum aggregate principal amount of the October 2023 Notes, being US\$273,258,000, or 90%, of the outstanding principal amount of the October 2023 Notes, for which valid tenders are received and that the Company will determine, in its sole discretion, whether it will accept for exchange pursuant to the Exchange Offer.

Exchange Consideration Where the Exchange Offer is Consummated:

For each US\$1,000 principal amount of the outstanding May 2023 Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange, an Eligible Holder of such Existing Notes will receive the Exchange Consideration consisting of US\$1,010 in aggregate principal amount of the New Notes; and

For each US\$1,000 principal amount of the outstanding October 2023 Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange, an Eligible Holder of such Existing Notes will receive the Exchange Consideration consisting of US\$1,000 in aggregate principal amount of the New Notes.

Subject to the terms of this exchange offer memorandum, an Eligible Holder who submits its instruction(s) in respect of the Exchange Offer only without executing the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof) is not entitled to any Exchange Consideration.

Where the Exchange Offer is Not Consummated and the Scheme is Launched and Consummated:

Subject to the terms of the Restructuring Support Agreement, a fee of 0.3% (the “Instruction Fee”) will be paid on the Restructuring Effective Date (or as soon as practicable thereafter) on Existing Notes tendered in the Exchange Offer and restricted in the Restructuring Support Agreement (such Scheme Creditor, as such term is defined in the Restructuring Support Agreement, must enter into the Restructuring Support Agreement (the “Consenting Creditor”)) on or before 4:00 p.m., London time on April 25, 2023 (the “Instruction Fee Deadline”), unless extended in accordance with the terms of the Restructuring Support Agreement (such Existing Notes, the “Eligible Restricted Notes”).

See the Restructuring Support Agreement set forth in Appendix A to this exchange offer memorandum for further details, including the eligibility requirements for receiving the Instruction Fee.

Interest Rates of the New Notes · · The New Notes will bear interest at 7.0% per annum. See “Summary of the New Notes.”

Accrued Interest	<p>The May 2023 Notes bear interest at the rate of 12% per annum, and the October 2023 Notes bear interest at the rate of 13.85% per annum. Accrued and unpaid interest on the Existing Notes validly tendered and accepted for exchange, up to but not including the Settlement Date, shall be paid in kind by increasing the principal amount of the New Notes to be issued to Eligible Holders by the amount of such accrued and unpaid interest on the Existing Notes.</p> <p>For the avoidance of doubt, no accrued and unpaid interest on the Existing Notes up to but not including the Settlement Date shall be paid in cash.</p>
Minimum Denominations of New Notes	Each of the New Notes will be issued in minimum denominations of US\$150,000 and integral multiples of US\$1 in excess thereof.
Expiration Deadline	4:00 p.m., London Time on April 25, 2023, unless extended or earlier terminated at our sole discretion.
Settlement Date	We anticipate that the Settlement Date will occur on or about April 28, 2023, unless the Exchange Offer is extended or earlier terminated.
Exchange Website	https://deals.is.kroll.com/youngo , the website set up by the Information, Exchange and Tabulation Agent for the purposes of hosting the documents relating to the Exchange Offer.
RSA Accession Portal	https://deals.is.kroll.com/youngo-rsa , the portal managed by the Information, Exchange and Tabulation Agent for creditors to submit the Accession Letters as defined in the Restructuring Support Agreement.
Eligible Holders	The Exchange Offer will only be made to, and the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) are being offered and will be issued only to, eligible holders who are non-U.S. persons located outside the United States (as those terms are defined in Regulation S under the Securities Act) in exchange for their Existing Notes through Euroclear and Clearstream or certain fiduciaries holding accounts for the benefit of non-U.S. persons outside the United States (as those terms are defined in Regulation S under the Securities Act) with the Existing Notes held through Euroclear and Clearstream (the “Eligible Holders”).

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

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

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

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

- not less than the Minimum Acceptance Amount of each Series of the Existing Notes shall have been validly tendered and not validly withdrawn prior to the Expiration Deadline;
- there being no material adverse change in the market from the date of this exchange offer memorandum to the Settlement Date;
- an affirmative determination by us that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are in our best interests; and
- the satisfaction of the other conditions described in “Description of the Exchange Offer — Conditions to the Exchange Offer.”

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

Procedures for Tendering Existing
Notes

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

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

A separate Instruction needs to be submitted per each beneficial owner of the Existing Notes held through Euroclear and Clearstream.

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

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

Any Eligible Holder that gives Instructions on behalf of a beneficial holder must (i) disclose the name of the beneficial holder, their email address and telephone number, and (ii) give separate Instructions with respect to each such beneficial holder.

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

Each tendering Eligible Holder must also execute (in the case such Eligible Holder is a beneficial owner of the Existing Notes), or cause the beneficial owners on whose behalf such Eligible Holder is holding the Existing Notes to execute (in the case such Holder is not a beneficial owner for all of the Existing Notes it holds), the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof). With respect to any tendered Existing Notes, the tender by its Holder will not be considered valid unless and until the beneficial owner of such Existing Notes has also validly executed the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof) and delivered it to the Information, Exchange and Tabulation Agent. Eligible Holders and beneficial owners may not execute the Restructuring Support Agreement only without first tendering Existing Notes for exchange. In other words, an Eligible Holder of Existing Notes who wishes to participate in the Exchange Offer must (i) tender the Existing Notes it holds for exchange, and (ii) validly execute (or cause relevant beneficial owners to validly execute) the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof), each with respect to the entire holding of the relevant Series of the Existing Notes and in accordance with the terms, and subject to the conditions, of the Exchange Offer.

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

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

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

Minimum Aggregate Principal
Amount of the Existing Notes to
be Tendered

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

Eligible Holders are responsible for ensuring that their Instructions will result in the New Notes they are entitled to receive being at least equal to the minimum principal amount of US\$150,000. Instructions that would result in a principal amount of New Notes below US\$150,000 will be rejected.

Withdrawal and Revocation

Instructions in connection with the Exchange Offer are irrevocable, except as otherwise described herein.

Acceptance of Tenders; Delivery of
Exchange Consideration

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

<p>Extensions, Amendments and Terminations</p>	<p>To the extent that it is legally permitted so to do, we expressly reserve our absolute right to (i) waive any condition to the Exchange Offer; (ii) amend any of the terms of the Exchange Offer, including the Minimum Acceptance Amount; and (iii) modify the consideration offered. Any amendment to the Exchange Offer will apply to all Existing Notes tendered, regardless of when and in what order such Existing Notes were tendered. If we make a material change in the terms of the Exchange Offer, we will disseminate additional offer materials or, if appropriate, issue a press release setting forth such changes, and will extend the Exchange Offer as we consider appropriate. We have the right, at our sole discretion, to extend the Expiration Deadline or Settlement Date.</p> <p>Additionally, we expressly reserve the right, at our absolute discretion, to terminate the Exchange Offer at any time if the conditions to the Exchange Offer are not met prior to the Settlement Date.</p> <p>In the event that the Exchange Offer is terminated, withdrawn or otherwise not consummated prior to the Settlement Date, no consideration will be paid or become payable and no New Notes will be issued or become issuable to Eligible Holders who have validly tendered their Existing Notes pursuant to the Exchange Offer. In any such event, the Existing Notes previously tendered pursuant to the Exchange Offer will be promptly returned to the tendering Eligible Holders.</p>
<p>Consequences of Failure to Exchange Existing Notes</p>	<p>For a description of the consequences of failing to exchange your Existing Notes, see “Risk Factors” and “Description of the Exchange Offer — Certain Consequences to Eligible Holders of Existing Notes Not Participating in the Exchange Offer.”</p>
<p>Brokerage Commissions</p>	<p>No brokerage commissions are payable by the holders of the Existing Notes to us, the Dealer Manager or the Information, Exchange and Tabulation Agent.</p>
<p>Dealer Manager</p>	<p>China CITIC Bank International Limited</p>
<p>Information, Exchange and Tabulation Agent</p>	<p>Kroll Issuer Services Limited has been appointed as the Information, Exchange and Tabulation Agent. You can find the address and telephone number for the Information, Exchange and Tabulation Agent on the back cover of this exchange offer memorandum.</p>

Existing Notes Trustee	Citicorp International Limited
Existing Notes Registrar	Citibank, N.A., London Branch
Existing Notes Paying and Transfer Agent	Citibank, N.A., London Branch
New Notes Trustee	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
New Notes Registrar	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
New Notes Paying and Transfer Agent	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司)
Clearing Systems	Euroclear and/or Clearstream (each a “Clearing System”)
Use of Proceeds	We will not receive any cash proceeds from the Exchange Offer. See “Use of Proceeds.”
Further Information	Questions about the terms of the Exchange Offer, the Restructuring Support Agreement and the Scheme should be directed to the Dealer Manager and the Information, Exchange and Tabulation Agent.

If you have questions regarding procedures in relation to the Exchange Offer or require additional copies of this exchange offer memorandum, please contact the Information, Exchange and Tabulation Agent.

Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominee for assistance concerning the Exchange Offer.

All documents related to the Exchange Offer will be made available, subject to eligibility, on the Exchange Website.

SUMMARY OF THE NEW NOTES

The following is a brief summary of the terms of this offering and is qualified in its entirety by the remainder of this exchange offer memorandum. This summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this exchange offer memorandum. See “Description of the New Notes.” Terms used in this summary and not otherwise defined shall have the meanings given to them in “Description of the New Notes.”

Issuer Guangdong — Hong Kong Greater Bay Area Holdings Limited.

New Notes Offered 7.0% senior notes due 2026 (the “New Notes”).

Maturity Date The date falling on the last day of the 36th months after the Original Issue Date.

Interest Payment Dates The New Notes will bear interest at 7.0% per annum

- (i) from (and including) the Original Issue Date to (but excluding) the date falling on the 12th month monthiversary from the Original Issue Date (the “12th Month Monthiversary Date”), (A) 65% of which (rounded up to the nearest US\$1) shall be capitalized and added to the then current outstanding principal amount of the Notes semi-annually each year (each, a “PIK Interest Payment Date” and such capitalized interest, the “PIK Interest”), and (B) 35% of which (rounded up to the nearest US\$1) shall be payable in cash, in arrears semi-annually each year; and
- (ii) from (and including) the 12th Month Monthiversary Date to (but excluding) the Maturity Date, which shall be payable in cash, in arrears semi-annually each year (each, a “Cash Interest Payment Date”, together with the PIK Interest Payment Date, the “Interest Payment Dates” and each an “Interest Payment Date”) and on the Maturity Date.

See “Description of the New Notes — Brief Description of the Notes — Interest.”

PIK Interest

If a redemption or repurchase of the New Notes in accordance with the terms of the Indenture occurs before the 12th Month Monthiversary, any accrued and unpaid interest from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) to (but excluding) the redemption or repurchase date on such New Notes to be redeemed or repurchased shall be paid in cash.

Assuming 100% of the Existing Notes together with the accrued but unpaid interest on the Existing Notes will be exchanged into the New Notes, the maximum amount of interest that will be paid in PIK Interest will be approximately US\$20,000,000.

Ranking of the New Notes The New 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 New Notes;
- at least *pari passu* in right of payment with all other unsecured and unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any, on a senior basis, subject to the limitations described below under the caption “Description of the New Notes — The Subsidiary Guarantees and the JV Subsidiary Guarantees” and in “Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees”;
- effectively subordinated to the secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Subsidiary Guarantees and
JV Subsidiary Guarantees

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

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

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

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

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

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

Ranking of Subsidiary
Guarantees

The Subsidiary Guarantee of each Subsidiary Guarantor:

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

Ranking of JV Subsidiary
Guarantees

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

- will be a general obligation of such JV Subsidiary Guarantor;
- will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be enforceable only up to the JV Entitlement Amount;
- will be effectively subordinated to secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;

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

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

Optional Redemption At any time and from time to time prior to the maturity date of the New Notes, the Company may at its option redeem the New Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the New Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, as set forth in “Description of the New Notes — Optional Redemption.”

Mandatory Redemption On the date that is the 18th month anniversary from the Original Issue Date (the “18th Month Anniversary Date”), the Company shall redeem the Notes having a principal amount equal to the First Redemption Amount, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the accrued and unpaid interest on such Notes to (but excluding) the redemption date; provided that if the First Redemption Amount is nil or a negative number, the Company shall not be required to redeem any Notes pursuant to this paragraph.

On the 24th month anniversary from the Original Issue Date (the “24th Month Anniversary Date”), the Company shall redeem the Notes in the principal amount equal to the Second Redemption Amount, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the accrued and unpaid interest on such Notes to (but excluding) the redemption date; provided that if the Second Redemption Amount is nil or a negative number, the Company shall not be required to redeem any Notes pursuant to this paragraph.

On the date that is the 30th month anniversary from the Original Issue Date (the “30th Month Anniversary Date”), the Company shall redeem the Notes in the principal amount equal to the Third Redemption Amount, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the accrued and unpaid interest on such Notes to (but excluding) the redemption date; provided that if the Third Redemption Amount is nil or a negative number, the Company shall not be required to redeem any Notes pursuant to this paragraph.

A Note of US\$150,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any certificated Note, a new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on the Notes or portions of them called for redemption.

Neither the Trustee nor the Paying Agent is responsible for calculating or verifying any amount payable under “Mandatory Redemption.”

“First Redemption Amount” equals to 3% of the Issue Amount minus the aggregate principal amount of the Notes redeemed or repurchased by the Company pursuant to sub-clause (i)(X) of the first paragraph under the caption “Mandatory Redemption Upon Specified Asset Sales” and the captions “Optional Redemption,” “Repurchase of Notes upon a Change of Control,” “Redemption for Taxation Reasons” and “Limitation on Asset Sales” during the period from (and including) the Original Issue Date to (and including) the 18th Month Monthiversary Date.

“Second Redemption Amount” equals to 6% of the Issue Amount minus the aggregate principal amount of the Notes redeemed or repurchased by the Company pursuant to sub-clause (i)(X) of the first paragraph under the caption “Mandatory Redemption Upon Specified Asset Sales” and the captions “Mandatory Redemption,” “Optional Redemption,” “Repurchase of Notes upon a Change of Control,” “Redemption for Taxation Reasons” and “Limitation on Asset Sales” during the period from (and including) the Original Issue Date to (and including) the 24th Month Monthiversary Date.

“Third Redemption Amount” equals to 11% of the Issue Amount minus the aggregate principal amount of the Notes redeemed or repurchased by the Company pursuant to sub-clause (i)(X) of the first paragraph under the caption “Mandatory Redemption Upon Specified Asset Sales” and the captions “Mandatory Redemption,” “Optional Redemption,” “Repurchase of Notes upon a Change of Control,” “Redemption for Taxation Reasons” and “Limitation on Asset Sales” during the period from (and including) the Original Issue Date to (and including) the 30th Month Monthiversary Date.

Mandatory Redemption Upon Specified Asset Sale	<p>Upon consummation of any Specified Asset Sale, the Company shall, within 60 days (such 60-day period, the “Allocation Period”) from and including:</p> <p>(A) the later of (x) the date of consummation of such Specified Asset Sale and (y) the date when the aggregate Net Consideration of all Specified Asset Sales consummated between the period from (and including) the Original Issue Date to (and including) such date has reached RMB350.0 million (such date, the “First Trigger Date”), allocate, or procure the allocation of 50% of the Net Consideration derived from all Specified Asset Sales consummated between the period from (and including) the Original Issue Date to (and including) the First Trigger Date (the “First Allocation Amount”) as follows, and</p> <p>(B) the later of (x) the date of consummation of such Specified Asset Sale and (y) the date when the aggregate Net Consideration of all Specified Asset Sales consummated between the period from (and including) the First Trigger Date to (and including) such date has reached RMB50.0 million (such date, a “Subsequent Trigger Date”), allocate, or procure the allocation of 50% of the Net Consideration derived from all Specified Asset Sales consummated between the period from (and excluding) the First Trigger Date to (and including) such Subsequent Trigger Date (a “Subsequent Allocation Amount” and, together with the First Allocation Amount and all other Subsequent Allocation Amounts, each an “Allocation Amount”) as follows:</p> <p>(i) apply all such Allocation Amount to (X) redeem the Notes at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus the accrued and unpaid interest on such Notes to (but excluding) the redemption date, provided that the Company shall not be required to apply any Allocation Amount pursuant to this sub-clause (i)(X) if and to the extent the Company has already redeemed or repurchased 11% of the Issue Amount pursuant to this sub-clause (i)(X) and the captions “Mandatory Redemption,” “Optional Redemption,” “Repurchase of Notes upon a Change of Control,” “Redemption for Taxation Reasons” and “Limitation on Asset Sales,” and/or (Y) pay the principal of, premium, if any, and interest on the Notes, in each case that has become due and payable within the Allocation Period; and</p>
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(ii) to the extent there is any Allocation Amount remaining after taking into account such redemption and payments pursuant to sub-clause (i), repurchase the Notes through tender offers, open market repurchases or otherwise redeem the Notes in accordance with the terms of the Indenture,

provided, however, that the foregoing allocation shall be made on a pro rata basis based on the principal amount of Notes and such other *pari passu* Indebtedness subject to a covenant substantially similar to this “Mandatory Redemption Upon Specified Asset Sales” covenant.

Upon allocation in full of a Subsequent Allocation Amount pursuant to clause (B) of the preceding paragraph, the accumulated Net Consideration derived from all Specified Asset Sales consummated between the period from (and excluding) the First Trigger Date to (and including) the corresponding Subsequent Trigger Date shall be reset at zero. Specified Asset Sales consummated after a Subsequent Trigger Date shall continue to comply with clause (B) of the preceding paragraph, namely the Net Consideration derived from Specified Asset Sales consummated after a Subsequent Trigger Date shall be accumulated and shall be applied in accordance with clause (B) of the preceding paragraph once such accumulated Net Consideration reaches RMB50.0 million.

If a redemption of the Notes pursuant to sub-clause (i)(X) of this “Mandatory Redemption Upon Specified Asset Sales” covenant occurs before the 12th Month Monthiversary Date, the Company shall pay in cash accrued and unpaid interest (including the PIK Interest) on the Notes being purchased from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) to (but excluding) such purchase date.

<p>Repurchase of New Notes Upon a Change of Control</p>	<p>Not later than 30 days following a Change of Control, the Company will make an Offer Purchase all outstanding New Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date. See “Description of the New Notes — Repurchase of New Notes Upon a Change of Control.”</p>
<p>Additional Amounts</p>	<p>All payments of principal of, and premium (if any) and interest on the New Notes or under the Subsidiary Guarantees and JV Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, collected, withheld, assessed or levied by any jurisdiction in which the Company, a Surviving Person (as defined under “Description of the New Notes — Additional Amounts — Consolidation, Merger and Sale of Assets”) or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a “Relevant Jurisdiction”), or the jurisdiction through which payments are made or any political subdivision or taxing authority thereof or therein (each, together with a Relevant Jurisdiction, a “Taxing Jurisdiction”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. Subject to certain exceptions, in the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional amounts (“Additional Amounts”) as will result in receipt by the Holder of each New Note, the Subsidiary Guarantees or the JV Subsidiary Guarantees, as the case may be, of such amounts as would have been received by such Holder had no such withholding or deduction been required.</p>

<p>Redemption for Taxation Reasons</p>	<p>Subject to certain exceptions and as more fully described herein, the New Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, at any time, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and upon reasonable notice in advance of such notice to Holders to the Trustee and the Paying and Transfer Agent, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption, if the Company or a Surviving Person would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws. See "Description of the New Notes — Redemption for Taxation Reasons."</p>
<p>Carve-out to Events of Default . . .</p>	<p>The events of default provision under the New Notes will carve out the default of the Excluded Indebtedness and other defaults whose occurrence is as a result of any default or event of default under the Excluded Indebtedness. See "Description of the New Notes — Events of Default," and "Risk Factors — Risks Relating to the Exchange Offer Generally — The events of default provision under the New Notes will carve out any cross-default events arising directly or indirectly from any defaults or events of default under the Existing Notes" in the exchange offer memorandum.</p>
<p>Covenants</p>	<p>The Indenture will limit the Company's ability and the ability of its Restricted Subsidiaries to, among other things:</p> <ul style="list-style-type: none"> • incur additional indebtedness and issue disqualified or preferred stock; • declare dividends on its capital stock or purchase or redeem capital stock; • make investments or other specified restricted payments; • create liens; • create encumbrance or restriction on the Restricted Subsidiaries' ability to pay dividends, pay indebtedness, transfer assets or make intercompany loans;

- issue or sell capital stock of Restricted Subsidiaries;
- guarantee additional indebtedness;
- enter into sale and leaseback transactions;
- sell assets;
- enter into transactions with shareholders and affiliates;
- engage in any business other than permitted business; and
- effect a consolidation or merger.

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

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

Form, Denomination and Registration The New Notes will be issued only in fully registered form, without coupons, in denominations of US\$150,000 and integral multiples of US\$1 in excess thereof and will be initially represented by a global note deposited with a common depository and registered in the name of the common depository or its nominee. Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream.

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

Trustee China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).

Paying and Transfer Agent and Registrar China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).

Listing and Trading Application will be made to the SGX-ST for the listing and quotation of the New Notes on the Official List of the SGX-ST. Under the rules of the SGX-ST, the New Notes if traded on the SGX-ST are required to be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, for so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the New Notes if traded on the SGX-ST will be traded in a minimum board lot size of US\$200,000.

Security Codes	ISIN	Common Code
	XS2609459123	260945912

LEI 5493003V7UHKPVGKCE85

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

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

SUMMARY TIMETABLE

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

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

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

Date	Event
April 17, 2023	<p>Commencement of the Exchange Offer and announcement via the websites of the SGX-ST, The Hong Kong Stock Exchange Limited (the “SEHK”) and the Exchange Website and through Euroclear or Clearstream, as applicable.</p> <p>The Exchange Offer will be made available to Eligible Holders of the Existing Notes on the Exchange Website. The Restructuring Support Agreement in the form set forth in Appendix A to this exchange offer memorandum will be made available to Eligible Holder of the Existing Notes on the RSA Accession Portal.</p> <p>To facilitate the approval of the Scheme, each Eligible Holder tendering in the Exchange Offer must also execute (in the case such Eligible Holder is a beneficial owner of the Existing Notes), or cause the beneficial owners on whose behalf such Eligible Holder is holding the Existing Notes to execute (in the case such Eligible Holder is not a beneficial owner for all of the Existing Notes it holds), the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof).</p>

Eligible Holders and beneficial owners may not execute the Restructuring Support Agreement only without tendering Existing Notes for exchange. In other words, an Eligible Holder of Existing Notes who wishes to participate in the Exchange Offer must (i) tender the Existing Notes it holds for exchange, and (ii) validly execute (or cause relevant beneficial owners to validly execute) the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof), each with respect to the entire holding of the relevant Series of the Existing Notes and in accordance with the terms, and subject to the conditions, of the Exchange Offer.

April 25, 2023 (4:00 p.m.,
London time)

Expiration Deadline. This being the last date and time on which Eligible Holders of the Existing Notes who validly tender Existing Notes are eligible to receive the relevant Exchange Consideration, as this is the last date and time for Eligible Holders of the Existing Notes to participate in the Exchange Offer.

Instruction Fee Deadline. See “Summary of the Exchange Offer — Instruction Fee” for further details.

With respect to any tendered Existing Notes, the tender by its Holder will not be considered valid unless and until the beneficial owner of such Existing Notes has also validly executed the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof) and delivered it to the Information, Exchange and Tabulation Agent.

As soon as practicable after
the Expiration
Deadline

Announcement of the amount of tenders for exchange received prior to the Expiration Deadline and the final total aggregate principal amount of the New Notes to be issued to Eligible Holders in exchange for the Existing Notes validly tendered, accepted and exchanged.

The Information, Exchange and Tabulation Agent will also inform us on the beneficial owners who have executed the Restructuring Support Agreement.

On or about April 28, 2023

Settlement of the New Notes, delivery of the Exchange Consideration to Eligible Holders whose Existing Notes have been validly tendered and accepted for exchange.

On or about May 2, 2023

Listing of the New Notes on the SGX-ST.

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

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

We intend to publicly announce the commencement date of the Exchange Offer, any extension of the Expiration Deadline, other notifications or amendments relating to the Exchange Offer and the results of the Exchange Offer by the issue of a press release and/or a notice sent via the Euroclear or Clearstream and announcement on the SEHK and the Exchange Website.

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2019, 2020 and 2021 and the summary consolidated statements of financial position as of December 31, 2019, 2020 and 2021 below have been derived from our audited consolidated financial statements included elsewhere in this exchange offer memorandum. The summary consolidated statements of profit or loss for the six months ended June 30, 2021 and 2022 and the summary consolidated statement of financial position as of June 30, 2022 below have been derived from our unaudited condensed consolidated financial statements included elsewhere in this exchange offer memorandum. Results for interim periods are not indicative of results for the full year. Historical results are not necessarily indicative of results that may be achieved in any future period. Our consolidated financial statements have been prepared and presented in accordance with IFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions.

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

	For the year ended December 31,				For the six months ended June 30,		
	2019	2020	2021		2021	2022	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)	(RMB'000)	(RMB'000)	(US\$'000)
Revenue	1,583,308	3,737,158	5,570,884	831,711	2,604,255	1,321,716	197,327
Cost of sales	(1,010,428)	(2,450,425)	(4,835,630)	(721,941)	(2,030,915)	(1,473,220)	(219,946)
Gross profit	572,880	1,286,733	735,254	109,771	573,340	(151,504)	(22,619)
Other income	203,689	47,187	(165,755)	(24,747)	70,249	2,155	322
Selling and distribution expenses	(116,374)	(115,423)	(167,845)	(25,059)	(71,984)	(97,874)	(14,612)
Administrative and other operating expenses	(520,524)	(398,640)	(501,657)	(74,895)	(152,407)	(153,507)	(22,918)
Impairment loss on financial assets measured at amortisation cost	(21,258)	(28,109)	(12,073)	(1,802)	(10,203)	(46,732)	(6,977)
Profit from operations before fair value change on investment properties	118,413	791,748	(112,076)	(16,733)	408,995	(447,462)	(66,804)
Fair value gain/(loss) on investment properties	(77,454)	172,315	(9,700)	(1,448)	10,497	(165,857)	(24,762)
Profit from operations after fair value change on investment properties	40,959	964,063	(121,776)	(18,181)	419,492	(613,319)	(91,566)
Share of loss of an associate	(1,253)	-	-	-	-	-	-
Share of profits less losses of joint ventures	(3,507)	(241)	(152)	(23)	319	(1,020)	(152)
Finance income	47,781	38,849	63,233	9,440	19,382	16,194	2,418
Finance costs	(228,341)	(276,788)	(296,974)	(44,337)	(173,289)	(300,577)	(44,875)
Profit/(loss) before taxation	(144,361)	725,883	(355,669)	(53,100)	265,904	(898,722)	(134,176)
Income tax	(132,924)	(369,610)	(89,441)	(13,353)	(104,820)	24,620	3,676
Profit/(loss) for the year/period	(277,285)	356,273	(445,110)	(66,453)	161,084	(874,102)	(130,500)

Summary of Consolidated Statements of Financial Position

	As of December 31,				As of June 30,	
	2019	2020	2021		2022	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)	(RMB'000)	(US\$'000)
ASSETS						
Non-current assets						
Property, plant and equipment	422,442	397,280	402,734	60,127	387,746	57,889
Investment properties	2,584,100	3,144,270	2,750,900	410,699	2,585,043	385,937
Intangible assets	16,497	16,098	15,882	2,371	14,008	2,091
Goodwill	2,252	2,252	2,252	336	2,252	336
Interest in joint ventures	134,783	131,583	213,213	31,832	218,916	32,683
Other non-current assets	404,818	337,888	65,376	9,760	4,207	628
Deferred tax assets	169,345	215,325	193,616	28,906	169,165	25,256
Finance lease receivables	15,692	8,210	6,410	957	5,810	867
	<u>3,749,929</u>	<u>4,252,906</u>	<u>3,650,383</u>	<u>544,988</u>	<u>3,392,820</u>	<u>506,535</u>
Current assets						
Inventories and other contract costs	7,383,731	9,369,347	13,892,948	2,074,163	12,940,639	1,931,987
Prepaid tax	165,086	144,949	294,074	43,904	317,037	47,332
Other financial assets	11,140	9,000	10	1	710	106
Trade and other receivables	1,361,689	2,849,403	3,898,719	582,063	3,713,077	554,348
Pledged and restricted cash	606,043	568,161	763,517	113,990	1,229,052	183,493
Cash and cash equivalents	1,571,204	1,783,235	1,373,314	205,030	687,485	102,639
	<u>11,098,893</u>	<u>14,724,095</u>	<u>20,222,582</u>	<u>3,019,152</u>	<u>18,888,000</u>	<u>2,819,904</u>
TOTAL ASSETS	<u>14,848,822</u>	<u>18,977,001</u>	<u>23,872,965</u>	<u>3,564,140</u>	<u>22,280,820</u>	<u>3,326,439</u>
EQUITY						
Capital and reserves						
Share capital	31,825	36,598	36,598	5,464	36,598	5,464
Reserves	4,900,927	5,555,799	5,051,474	754,165	4,253,581	635,043
Total equity attributable to equity shareholders of the Company	4,932,752	5,592,397	5,088,072	759,629	4,290,179	640,507
Non-controlling interests	16,255	265,967	569,055	84,958	181,259	27,061
TOTAL EQUITY	<u>4,949,007</u>	<u>5,858,364</u>	<u>5,657,127</u>	<u>844,587</u>	<u>4,471,438</u>	<u>667,568</u>

	As of December 31,				As of June 30,	
	2019	2020	2021		2022	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)	(RMB'000)	(US\$'000)
LIABILITIES						
Non-current liabilities						
Bank loans and other borrowings ·	728,221	829,230	2,739,692	409,025	3,935,795	587,599
Lease liabilities ······	33,112	29,546	27,322	4,079	24,405	3,644
Senior notes ······	1,338,799	–	–	–	–	–
Deferred tax liabilities ······	108,924	194,636	132,988	19,855	91,524	13,664
Other financial liabilities ······	70,838	78,333	947,719	141,491	768,009	114,661
	<u>2,279,894</u>	<u>1,131,745</u>	<u>5,725,569</u>	<u>854,805</u>	<u>6,789,828</u>	<u>1,013,695</u>
Current liabilities						
Trade and other payables ······	2,367,860	5,450,950	4,920,415	734,599	1,490,355	222,504
Contract liabilities ······	2,989,327	1,971,295	3,902,358	582,607	4,200,228	627,078
Bank loans and other borrowings ·	505,462	481,029	531,631	79,370	646,362	96,499
Lease liabilities ······	8,972	10,562	8,473	1,265	8,125	1,213
Senior notes ······	314,220	1,820,524	2,346,462	350,318	2,461,729	367,526
Corporate bonds ······	259,700	–	–	–	–	–
Current tax liabilities ······	695,220	736,413	795,484	118,763	689,252	102,903
Deferred income ······	479,160	349,119	259,268	38,708	212,841	31,776
Amounts due to controlling shareholders ······	–	867,000	1,027,468	153,397	221,960	33,138
Other current liabilities ······	–	300,000	576,558	86,078	1,088,702	162,539
	<u>7,619,921</u>	<u>11,986,892</u>	<u>12,490,269</u>	<u>1,864,748</u>	<u>11,019,554</u>	<u>1,645,176</u>
TOTAL LIABILITIES ······	<u>9,899,815</u>	<u>13,118,637</u>	<u>18,215,838</u>	<u>2,719,553</u>	<u>17,809,382</u>	<u>2,658,871</u>
TOTAL EQUITY AND						
LIABILITIES ······	<u>14,848,822</u>	<u>18,977,001</u>	<u>23,872,965</u>	<u>3,564,140</u>	<u>20,271,111</u>	<u>3,026,397</u>
NET CURRENT ASSETS ······	3,478,972	2,737,203	7,732,313	1,154,404	7,868,446	1,174,728
TOTAL ASSETS LESS						
CURRENT LIABILITIES ······	<u>7,228,901</u>	<u>6,990,109</u>	<u>23,872,965</u>	<u>3,564,140</u>	<u>9,251,557</u>	<u>1,381,221</u>

RISK FACTORS

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

Risks Relating to the Exchange Offer Generally

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

If the Minimum Acceptance Amount is not tendered, or if any of the other conditions as described in “Description of the Exchange Offer — Conditions to the Exchange Offer” are not satisfied or waived, we will not be able to refinance the Existing Notes pursuant to the Exchange Offer as currently described in this exchange offer memorandum. In such case, we may, in lieu of the Exchange Offer, seek to complete a Scheme in Hong Kong or another competent jurisdiction to effect a transaction of the Existing Notes pursuant to the terms of the Restructuring Support Agreement (the form of which is set forth in Appendix A to this exchange offer memorandum), which each tendering Eligible Holder would have executed (in the case such Eligible Holder is a beneficial owner of the Existing Notes), or caused the beneficial owners on whose behalf such Eligible Holder is holding the Existing Notes to execute (in the case such Holder is not a beneficial owner for all of the Existing Notes it holds), if in our judgment there is sufficient support from Eligible Holders for the Scheme. However, there can be no assurance that the Scheme will be approved by Scheme Creditors or the competent court. See “Risk Factors — Risks Relating to the Scheme Generally.” In such event, we will therefore face short term liquidity pressure and will be subject to increased default risk under the Existing Notes Indentures.

We may be able to amend certain major terms with the consent of holders of not less than 66% in aggregate principal amount of the outstanding New Notes, which may adversely affect the interest of the holders of such New Notes and increase the credit risks of the New Notes.

Under the terms of the New Notes, we may amend certain major terms with the consent of holders of 66% in aggregate principal amount of the outstanding New Notes, including but not limited to the waiver of payment defaults, the reduction of the principal amount of, or premium (if any) on or interest on, any New Note, the release of any Subsidiary Guarantor from its Subsidiary Guarantee, except as provided in the indenture governing the New Notes. This is quite different from terms of senior notes of other similarly situated PRC issuers. Typically certain major terms of an indenture may only be modified, amended or waived with the consent of all holders of the outstanding notes. Such provisions would reduce the protection afforded to the holders of the New Notes and potentially increase the credits risks of the New Notes.

In addition, if any holder owns more than 50% in aggregate principal amount of the outstanding New Notes, such holder may approve certain amendments to the terms of the New Notes or the Indenture.

The events of default provision under the New Notes will carve out any cross-default events arising directly or indirectly from any defaults or events of default under the Existing Notes.

As part of the purpose of the Exchange Offer is to improve our overall financial condition, certain events of default under the New Notes carve out indebtedness arising directly or indirectly from non-payment defaults or events of default under the Existing Notes. Holders of the New Notes may face more uncertainty and potentially higher credit risk in this regard if any default occurs with respect to the Existing Notes, because the Existing Notes could become immediately due and payable upon such defaults, and we have to settle or repay such indebtedness, but payment of the New Notes would not be accelerated and holders of the New Notes would continue to hold the New Notes despite such defaults under the Existing Notes.

Holders of the Existing Notes may not be able to recover their principal if the Exchange Offer is not successfully consummated.

Despite our efforts to enhance our liquidity position, due to uncertainties over debt refinancing and challenging operating and funding conditions resulting from adverse market conditions, we experienced occurrence of certain defaults under certain of our offshore indebtedness. As of the date of this exchange offer memorandum, we have not made an interest payment due on October 12, 2022 under the October 2023 Notes and an interest payment due on November 23, 2022 under the May 2023 Notes.

We believe that the Exchange Offer, if successfully completed, can improve our financial condition, extend our debt maturity profile and improve our cash flow. However, if the Exchange Offer is not successfully consummated and we are unable to extend the maturities of the Existing Notes, Holders of the Existing Notes may not be able to recover their principal.

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

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

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

business, results of operations and financial condition, on the trading price of the New Notes, and ultimately on our ability to repay its obligations under the New Notes on a timely basis, or at all.

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

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

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

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

Eligible Holders must tender a principal amount of the Existing Notes in the minimum denomination of such Existing Notes in order to participate in the Exchange Offer.

In order to participate in the Exchange Offer, an Eligible Holder of Existing Notes must validly tender for exchange a principal amount of Existing Notes in a minimum principal amount of US\$200,000 or in integral multiples of US\$1,000 in excess thereof. An Eligible Holder that holds Existing Notes having a principal amount which is less than such minimum denomination must, if it wishes to participate in the Exchange Offer, first acquire such additional Existing Notes as is necessary to enable that Eligible Holder to be able to offer for exchange and/or tender Existing Notes equal to at least the minimum denomination.

Eligible Holders of Existing Notes with a residual holding of less than the minimum denomination in principal amount of the Existing Notes may not be able to trade or transfer such Existing Notes.

If an Eligible Holder of Existing Notes does not, for any reason, tender all of its Existing Notes in the Exchange Offer and following the Exchange Offer, such holder continues to hold in its account with the relevant Clearing System a principal amount of Existing Notes which is less than the minimum denomination of US\$200,000, such holder would need to purchase a principal amount of Existing Notes such that its holding amounts to at least US\$200,000 in principal amount of Existing Notes, otherwise its residual holding may not be tradeable or transferable in the Clearing Systems.

The Exchange Offer may be cancelled, delayed or amended.

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

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

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

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

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

The May 2023 Notes will mature on May 22, 2023, and the outstanding principal amount of the May 2023 Notes shall be paid in installments on November 23, 2022, February 23, 2023 and the maturity date, respectively. The October 2023 Notes will mature on October 12, 2023. The New Notes will mature on the date falling on the last day of the 36th months after the Original Issue Date. If you tender Existing Notes for New Notes and, following the maturity date or scheduled principal payment date of your tendered Existing Notes but prior to the maturity date of the New Notes, we were to become subject to a bankruptcy or similar proceedings, the holders of such earlier-maturing Existing Notes who did not exchange their Existing Notes for New Notes could be paid in full prior to such event and there would exist a risk that holders of the Existing Notes who exchanged their Existing Notes for later-maturing New Notes would not be paid in full, if at all. Your decision to tender your Existing Notes for later-maturing New Notes should be made with the understanding that the lengthened maturity of such New Notes exposes you to the risk of nonpayment for a longer period of time.

Eligible Holders of the Existing Notes may not withdraw their instructions.

Instructions in connection with the exchange offer are irrevocable, except as otherwise described herein. Eligible Holders who tender their Existing Notes may not withdraw their instructions to exchange for the applicable Exchange Consideration as described in this exchange offer memorandum. Withdrawal rights will only be provided as, and if, otherwise described herein. As a result, there may be an unusually long time during which Eligible Holders of Existing Notes may be unable to effect transfers of their Existing Notes tendered for exchange.

You are responsible for complying with the procedures of the Exchange Offer. You may not receive Exchange Consideration in the Exchange Offer if the procedures for the Exchange Offer are not followed.

Eligible Holders are responsible for complying with all of the procedures for offerings to exchange the Existing Notes. We will issue New Notes in exchange for your Existing Notes only if you tender the applicable Existing Notes and deliver a properly submitted electronic instruction through Euroclear or Clearstream, as applicable. You should allow sufficient time to ensure timely delivery of the electronic instruction and the necessary documents. None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Dealer Manager and the Information, Exchange and Tabulation Agent assumes any responsibility for informing the holders of the Existing Notes of irregularities in any electronic instruction to Euroclear or Clearstream, as applicable, or with respect to the acceptance of offers to exchange. Prior to the Settlement Date, no assurance can be given that the Exchange Offer will be completed. This may depend upon the satisfaction or waiver of the conditions of the Exchange Offer. Upon giving a blocking instruction relating to the securities account where Existing Notes are held in a relevant Clearing System, Eligible Holders should be aware that they may not transfer title to such Existing Notes to other persons and may suffer losses if the market price of the Existing Notes changes and the Exchange Offer, in respect of that holder or generally, is not completed for whatever reason.

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

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

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

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

Participating Eligible Holders should be mindful that they are authorizing the relevant Clearing System to block their position in the Existing Notes until the Settlement Date, or termination or withdrawal of the Exchange Offer, as applicable.

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

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

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

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

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

Risks Relating to the Scheme Generally

Effectiveness of the Scheme requires the approval of Scheme Creditors.

The Scheme must be approved by the Scheme Creditors (as defined in the Restructuring Support Agreement, the form of which is set forth in Appendix A to this exchange offer memorandum) with requisite majorities at the Scheme Meeting (as defined in the Restructuring Support Agreement).

The majority required to approve the Scheme is the approval of a simple majority in number of the Scheme Creditors attending and voting at the Scheme Meeting either in person or by proxy (“majority in number”) representing at least 75% in value of the Scheme Claims of the Scheme Creditors attending and voting at the Scheme Meeting either in person or by proxy (“majority in value”). The Scheme Creditors present and voting at the Scheme Meeting (in person or by proxy) will be counted for the “majority in number” requirement, and the principal amount of the Scheme Claims of the Scheme Creditors present and voting at the Scheme Meeting (in person or by proxy) will be counted for the “majority in value” requirement.

If the requisite majorities of Scheme Creditors do not vote in favor of the Scheme at the Scheme Meeting, the Restructuring of the Existing Notes will not be implemented pursuant to the Scheme or at all.

Even if the Scheme Creditors approve the Scheme, the Scheme may not be approved by the competent court.

In order for the Scheme to become effective, the Court (as defined in the Restructuring Support Agreement) must sanction the Scheme. The Court has discretion whether or not to sanction the Scheme and will need to be satisfied that (i) the provisions of the applicable statute have been complied with; and (ii) the Scheme Creditors were fairly represented by those who attended the Scheme Meeting and the statutory majority are acting bona fide and are not coercing the minority in order to promote interests adverse to those of the class whom they purport to represent.

Even if the Scheme is approved at the Scheme Meeting, any Scheme Creditor who voted (or gave instructions to someone to vote on their behalf) at the Scheme Meeting may appear by counsel at the Court sanction hearing of the Scheme in order to make representations that the Scheme should not be approved and to object to the granting of an order of the Court sanctioning the Scheme. The Court may also be prepared to hear such representations and objections by counsel for any other person whom they are satisfied has a substantial economic interest in the Scheme. Therefore, it is possible that objections will be made at or before the Court during the sanction hearing of the Scheme and that any such objections will delay or possibly prevent the Scheme from being sanctioned and becoming effective.

There can be no assurance that the Court will approve the Scheme. If the Court does not approve the Scheme, or approves it subject to conditions or amendments which (i) the Existing Notes Issuer regards as unacceptable or (ii) would have (directly or indirectly) a material adverse effect on the interests of any Scheme Creditors and such conditions and amendments are not approved by the Scheme Creditors, the Scheme will remain ineffective.

Further, even if the Court approves the Scheme, it is still possible for any person who opposed the sanctioning of the Scheme at the sanction hearing of the Scheme to appeal against the granting by the Court of an order sanctioning the Scheme. Any such appeals and/or subsequent litigation could delay the Scheme becoming effective or possibly prevent the Scheme from becoming effective at all.

The Restructuring may not be completed in accordance with the timeline envisaged by the Restructuring Support Agreement.

Factors unknown to the Company as at the date of this exchange offer memorandum may result in delays to the completion of the Restructuring of the Existing Notes, if the Scheme is launched. There is no guarantee that the effective date of the Restructuring will occur by the Longstop Date (as such term is defined in the Restructuring Support Agreement), at which time the Scheme Creditors will no longer be bound by their obligations under the Restructuring Support Agreement to support the Restructuring and not to take action against the Company and/or the Existing Notes Issuer, and the Scheme will lapse.

The Company and other members of the Group may enter into insolvency proceedings if the Restructuring is not implemented promptly.

The Company has limited available cash and believes that if the Exchange Offer is not successfully completed and should the Restructuring not proceed, it would be unable to repay the Existing Notes. Unless the Company and its directors are able to satisfy themselves that an alternative financial transaction is likely to be successful, which the Company considers very unlikely given the time and cost of the negotiating a transaction, it is likely that the Company and other members of the Group may enter into liquidation or other appropriate insolvency proceedings.

If the Company and other Group companies are placed into a formal insolvency procedure, the proceeds available to Scheme Creditors may be reduced to a level that is considerably lower than the potential value of the consideration they would receive under the Scheme.

Risks Relating to Our Business and Industry

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

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

The PRC government has been encouraging the development of an economy driven primarily by domestic consumption rather than exports. The success of this strategy is closely linked to the shift of people's spending and saving behavior in China. In addition, unlike the more developed regions of China such as first-tier cities and provincial capital cities, most of the cities where we operate have remained relatively under-developed over the years and have not substantially benefited from the urbanization process, which leaves room for increase in domestic consumption levels in those areas.

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

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

Our business and prospects are heavily dependent on the economic conditions in the PRC and may be adversely affected by the performance of the PRC property markets

Our business is expected to be heavily dependent on the performance of the property markets. These property markets may be affected by local, regional, national and global factors, including economics and financial developments, speculative activities in local market, demand for and supply of properties, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and the availability of capital. For example, the availability and price of land sold at public tender, auction or listing for sale processes depend on factors beyond our control, including government land policies and competing bidders. 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. Any adverse developments in the PRC property market generally or in the cities in which we have or expect to have operations could materially and adversely affect our business, financial condition, results of operations and prospects.

Since September 2021, there has been negative news relating to certain Chinese property companies including defaults on their indebtedness. This has had a negative impact on, and resulted in increased volatility in, the property sector in China. Such recent defaults make it difficult for Chinese property developers, management companies and potential property purchasers to obtain onshore and offshore financing, and result in very low market confidence in and very low demand for China real estate and increased market volatility. Any over-supply of properties or any 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. There is no guarantee that such situation will improve, and the property market may not continue to grow and may even experience significant contraction. In addition, there may be more developers who are unable to pay their debt when due and default on their indebtedness and we cannot assure you that we will be able to refinance our existing indebtedness and/or pay our debts when due.

We had a loss in the years ended December 31, 2019 and 2021.

In 2019, 2020 and 2021, our revenue was RMB1,583.3 million, RMB3,737.2 million and RMB5,570.9 million (US\$831.7 million), respectively; and our profit for the year was RMB356.3 million in 2020. Our loss for the year was RMB277.3 million and RMB445.1 million (US\$66.5 million), respectively, in 2019 and 2021. We recorded a net loss in 2019, primarily due to the launch of various regulatory control policies for China's property market, which contracted demand, as well as surplus inventory in the real estate industry and economic pressures on China's economy. In addition, our revenue may have ongoing volatility subject to contracted sales and delivery schedule. We recorded a net loss in 2021, primarily due to that the sales of properties at reduced price to accelerate sales and cash collection in 2021 to overcome the challenges brought about by the tightened regulatory policies.

We have taken various measures to adapt to changes in our industry and China's economy. We cannot guarantee that these strategies will succeed. Such failure may have a material adverse effect on our business, financial condition, results of operations and prospects.

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

The PRC national and local governments exert considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other regulatory and economic measures, such as control over the supply of land for property development, foreign exchange, property purchases, mortgage financing, taxation, interest rates and foreign investment. These policies and measures have a significant impact on our business of developing and operating urban renewal projects, as well as our development of residential and commercial

properties. For example, through these policies and measures, the PRC national and local governments may restrict or reduce land available for property development, raise benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies, income, capital gain or otherwise, on property transactions and restrict foreign investment in the PRC property sector. In recent years, the PRC government launched a new round of real estate control policies based on the principle of “the housing is for accommodation, not for speculation” and “providing guidance by categories, imposing policies by cities,” and many cities became subject to various degrees of purchase and lending restrictions in China. The regulations and policies designed to generally control the growth of the property market introduced by the PRC government include, among others:

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

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

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

- imposing a 20.0% individual income tax on the gain from the sale of second-hand properties;
- limiting the availability of individual housing provident fund loans for the purchase of second (or more) residential properties by employees and their family members; and
- restrict private equity and asset management plans to make investments into ordinary residential property projects located in certain popular cities such as Beijing, Shanghai, Guangzhou and Shenzhen.

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

In August 2020, the MOHURD and PBOC held a joint meeting to communicate with key real estate enterprises and other relevant governmental departments. In the meeting, it was announced that the MOHURD and PBOC, jointly with other relevant governmental departments, had formulated rules for fund monitoring and financing administration of key real estate enterprises to establish a more market-oriented, rule-based and transparent administration over the financing by real estate enterprises. The “Three Red Lines” policy was set up in relation to financings for real estate enterprises. The “Three Red Lines” refers to the financial performance of a real estate enterprise: (1) liabilities to assets ratio after excluding the advances received shall not exceed 70%; (2) net debt to equity ratio shall not be greater than 100%; and (3) cash to short term borrowing ratio shall not be less than one. Availability of financing for property developers may be restricted if they do not meet such ratios. On January 1, 2021, the PBOC, together with the CBRC, set forth the capped ratios of the amount of outstanding real estate loans to the total outstanding amount of RMB denominated loans of a PRC financial institution. This ratio currently ranges from 12.5% to 40.0%. On March 26, 2021, the General Office of CBIRC, the General Office of MOHURD and the General Office of PBOC jointly issued the Notice on Preventing the Illegal Flow of Loans for Business Purposes into the Real Estate Sector (關於防止經營用途貸款違規流入房地產領域的通知), pursuant to which, in order to prevent business-use loans from illegally flowing into the real estate sector, and to support the development of the real economy, some measures, such as strengthening borrower qualification verification, credit demand review, loan term management, loan collateral management, post-loan management and etc, will be adopted and implemented. All banking and insurance regulatory bureaus, local housing and urban-rural construction departments, and branches of the PBOC shall jointly carry out a special investigation on the illegal flow of business-use loans into real estate, complete the investigation before May 31, 2021, and increase supervision and rectification of illegal problems and penalties.

According to public media reports, on August 21, 2021, the Ministry of Natural Resources of the People’s Republic of China and other relevant governmental departments held a joint meeting to impose conditions on granting state-owned land use rights to property developers, including setting price ceiling and requiring property developers to retain a portion of the property developed. No official announcement was published as of the date of this exchange offer memorandum and our ability to raise capital for business operation and expansion may be

adversely affected if the PRC government officially imposes further conditions for land bidding, auction or listing for sale.

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

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

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

We may not be able to obtain additional financing.

Our business operations are highly capital intensive and require a significant amount of liquidity. To that end, we maintained a substantial level of borrowings to finance our operations, and expect to incur additional indebtedness in the future to fund our business growth. However, we cannot guarantee that the PRC Government will not introduce new laws or regulations on certain financing related financial ratios, which could materially adversely affect our ability to incur additional indebtedness. For example, recent news articles have begun to emerge which report that the PBOC plans to control the scale of interest-bearing debts of property developers in China by applying a newly proposed standard in the assessment of the debt burden of property developers. In particular, under such new standard, for a property developer, (i) the liability asset ratio (calculated as total liabilities less contract liabilities divided by total assets less contract liabilities), shall not exceed 70%; (ii) the net gearing ratio (calculated as total interest-bearing liabilities less cash and bank balances divided by total equity) shall no exceed 100%; and (iii) the cash to short-term borrowing ratio (calculated as cash and bank balances

divided by short-term interest bearing liabilities) shall not be lower than 1.0. The PBOC standard as reported in the news articles further stipulates that (i) for property developers which comply with all the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 15% annually; (ii) for property developers which only comply with two of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 10% annually; (iii) for property developers which only comply with one of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 5% annually; and (iv) for property developers which fail to comply with any of the above-mentioned three limits, their size of interest-bearing liabilities shall not increase at all. In the event that the above-mentioned standard mentioned in the news articles comes into effect, we may fail to comply with any of the above-mentioned three limits and our ability to obtain additional financing may be materially adversely affected. Failure to secure sufficient external financing may hinder our ability to implement our business strategies, acquire land parcels and complete the development of our property projects. In addition, if we were to be prohibited from increasing the aggregate size of interest-bearing liabilities, we may need to slow down our land acquisition activities to ensure we would have sufficient cash to complete the existing property projects. As such, our business, financial condition and results of operations may be materially adversely affected.

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

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

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

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

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

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

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

Land prices have increased significantly in the PRC in recent years, especially in second-and third-tier cities, and may continue to increase in the future. To grow our business in the future, we are required to continue to acquire suitable sites at reasonable cost. We generally seek to maintain a portfolio of land resources sufficient for future development projects for four to five years. Our ability to identify and acquire suitable sites is subject to a number of factors that are beyond our control. The PRC national and local governments control land supply in the PRC and regulate land sales in the secondary market. As a result, regulatory policies towards land supply affect our ability to acquire land-use rights for sites we identify for development and the costs of any grant or acquisition. The PRC national and local governments may regulate the means by which property developers, including us, obtain land for property developments. In addition, our ability to obtain sites and increase revenue and number of projects, as well as our costs, expenses and profit margins also depend on the availability of favorable regulatory policies and government support and grants in local areas, which we cannot guarantee we will continue to obtain in future periods.

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

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

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

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

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

In 2019, 2020 and 2021, and the six months ended June 30, 2021 and 2022, we have received government grants of RMB93.3 million, RMB168.7 million, RMB76.8 million (US\$11.5 million), RMB31.8 million and RMB22.0 million (US\$3.3 million), respectively, which have been recognised as deferred income in the consolidated statement of financial position. In the same periods, government grants of RMB237.2 million, RMB294.5 million, RMB143.1 million (US\$21.4 million), RMB94.0 million and RMB68.4 million (US\$10.2 million) were credited to our cost of sales. Government grants have historically contributed significantly to our profitability, reflected in lower cost of sales and resulting in higher gross profit margins yielded by our trade center projects. The amounts of the grants also contributed to the significant fluctuation of our gross profit margins. The grants also enhanced our liquidity position, reflected in the increase in cash balances and cash equivalents and current liabilities after the receipt of grants. We expect to continue to receive government grants in the future with respect to our existing projects.

However, such government grants were offered on a case-by-case basis subject to our negotiation with relevant regulatory authorities. We may not be able to continue to secure opportunities in developing projects that are coupled with satisfactory government grants. In

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

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

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

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

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

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

targets. We may also face potential regulatory hurdles in such new markets, such as permit, licensing and approval requirements, which we may not be able to meet.

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

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

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

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

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

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

Development of real estate projects involves a complex process that lasts for a long period of time and contains many inherent risks that could prevent or delay the development from completion as originally planned. In particular, substantial capital expenditures are required prior to and during the construction period, and the project may take an extended period of time before generating positive cash flows through pre-sales or sales. In addition to regulatory risks, the development progress and cost and expense of a development project can be adversely affected by many other factors, including:

- changes in market conditions including the credit market;
- ability to obtain adequate financing;

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

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

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

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

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

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

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

We may not be able to successfully manage our growth.

We have been rapidly expanding our operations between 2019 and 2021 and aim to continue to grow our business and expand our operation scale. As we continue to grow, we intend to continuously improve our managerial, technical and operational platform. For example, we may need to improve our information technology system from time to time, and we will need to hire and train a large number of skilled employees that can manage new project companies we establish with each new project. In order to fund our ongoing operations and our future growth, we also need to have sufficient sources of working capital or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, contractors, service providers, suppliers and lenders. We also intend to further strengthen our internal control and compliance functions in order to ensure that we are able to comply with our legal and contractual obligations and reduce our operational and compliance risks. We may experience issues such as capital constraints, operational difficulties at new locations or difficulties in replicating our business model and hiring or training new project company management or additional employees, and our expansion plans may adversely affect our existing operations and thereby have a material adverse effect on our business, financial condition, results of operations or future prospects.

In addition, our growth is dependent on the economic condition and property markets in the PRC. In light of the recent restrictive measures, such as the “Three Red Lines” policy, the negative news relating to certain Chinese property companies’ defaults on their indebtedness and the slowdown of property sales, there’s no guarantee that we could grow our business and expand our operations as planned.

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

Property development usually requires substantial capital investment during the construction period. Our cash outflow used in operating activities arise principally from cash used in operations and income taxes paid. Our projects have been generally funded through cash generated from operations including proceeds from the pre-sale of our properties, bank loans and other borrowings. We expect to continue to fund our projects through pre-sale proceeds and will look for additional financing opportunities.

However, we cannot assure you that such funds will be sufficient or that any additional financing can be obtained on satisfactory or commercially reasonable terms, or at all. For the six months ended June 30, 2022, we recorded net cash used in operating activities of approximately RMB703.3 million (US\$105.0 million). Our net cash used in operating activities was mainly a result of cash used in operations and taxes paid. We cannot assure you that we will not experience negative net cash flow from our operating activities in the future again. A negative net cash flow position for operating activities could impair our ability to make necessary capital expenditures, constrain our operational flexibility and adversely affect our ability to expand our business and enhance our liquidity. In particular, if we do not have sufficient net cash flow to fund our future liquidity, pay our trade payables and repay the outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

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

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

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

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

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

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

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

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

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

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

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

As of December 31, 2019, 2020 and 2021, and June 30, 2022, our outstanding guarantees in respect of the mortgage loans of our customers amounted to RMB2,757.9 million, RMB2,648.3 million, RMB3,243.7 million (US\$484.3 million) and RMB3,138.4 million (US\$468.6 million), respectively. We may be subject to guarantee-related risks. Should any material default occur or if we are called upon to honor our guarantee obligations, our business, reputation, financial condition and results of operations could be materially and adversely affected.

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

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

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

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

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

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

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

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

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

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

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

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

We maintain a certain level of borrowings to finance our operations. As of December 31, 2020 and 2021, and June 30, 2022, our total outstanding bank loans and other borrowings amounted to RMB1,310.3 million, RMB3,271.3 million and RMB4,582.2 million, respectively. In addition, as of June 30, 2022, we had RMB2,461.7 million in aggregate carrying amount of the senior notes outstanding, as well as RMB683.8 million in aggregate carrying amount of interest-bearing loan from a non-controlling interest outstanding. In the future, we expect to incur additional indebtedness to complete our projects under development and projects held for future development. We may also utilize proceeds from additional offshore debt financing to acquire land resources.

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

These covenants may restrict, among other things, our ability to incur additional debt or make guarantees, incur liens, pay dividends or distributions on our or our subsidiaries' capital stock, repurchase our or our subsidiaries' capital stock, prepay certain indebtedness, repay shareholders' loans, reduce our registered capital, sell or transfer property or assets, make investments and engage in mergers, consolidation or other change-in-control transactions. In addition, some of the loans may have restrictive covenants linked to our financial performance, such as maintaining a prescribed maximum debt-asset ratio or minimum profitability levels during the term of the loans. See "Description of Other Material Indebtedness."

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by then prevailing economic conditions and financial, business and other factors, many of which are beyond our control. If we are unable to fulfill our repayment obligations under our borrowings, or are otherwise unable to comply with the restrictions and covenants in our current or future loan and other agreements, there could be a default under the terms of these agreements. We have made investments that exceeded the limitations under the covenants on restricted payments of the Existing Notes and we obtained waivers from holders of the Existing Notes for those investments. We may make similar investments in the future, and if so, we may not be able to obtain waivers from the holders of the Existing Notes. In the event of a default under these agreements, the lenders may accelerate the repayment of outstanding debt or, with respect to secured borrowings, enforce the security interest securing the loan. Any cross-default and acceleration clause may also be triggered as a result. If any of these events occur, our assets and cash flow may not be sufficient to repay all of our indebtedness, and we may not be able to obtain alternative financing on terms that are favorable or acceptable to us. We may use part of the proceeds from this offering to repay a portion of our outstanding debts (which include a portion of the Existing Notes) and we may decide to repay the remaining Existing Notes and other debts in the future before their maturity or redemption dates, which would prevent us from using those funds in ways that might otherwise grow our business. As a result of any these, our financial condition, results of operations, and cash flow may be materially and adversely affected.

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

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

lending rates used by our lenders, particularly the benchmark rates published by the PBOC for onshore borrowings in China. The PBOC has adjusted the benchmark rates multiple times in the past few years. The PBOC may raise lending rates further. In addition, our business, financial condition and results of operations may be adversely affected as a result of these adjustments. Our interest expenses on bank loans and other borrowings (including capitalized interest) for the years ended December 31, 2020 and 2021, and the six months ended June 30, 2022, were RMB108.2 million, RMB163.4 million and RMB159.0 million, respectively. Any future increases in the interest rates of our bank borrowings, including as a result of interest rate increases by the PBOC or other issuers of benchmark interest rates, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business may be sensitive to global economic conditions.

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

The outlook for the world economy and financial markets remains uncertain. In Europe, several countries are facing difficulties in refinancing sovereign debt. In the United States, the recovery in the housing market remains subdued. There are talks of trade tariffs on goods imported from China to the United States and a possibility of a trade war between the United States and China if negotiations fail to resolve trade issues amicably. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. The United Kingdom ceased to be a member of the European Union on January 31, 2020 (“Brexit”). During a prescribed period (the “Transition Period”), certain transitional arrangements were in effect, such that the UK continued to be treated, in most respects, as if it were still a member of the EU, and generally remained subject to EU law. On December 24, 2020, the EU and the UK reached an agreement in principle on the terms of certain agreements and declarations governing the ongoing relationship between the EU and the UK, including the EU-UK Trade and Cooperation Agreement (the “TCA”); and, on December 30, 2020, the Council of the European Union adopted a decision authorizing the signature of the TCA and its provisional application for a limited period between January 1, 2021 to February 28, 2021, pending ratification of the TCA by the European Parliament (the “Provisional Period”). The Provisional Period may be extended by mutual agreement between the EU and the UK. Legislation to implement the TCA in the UK came into effect beginning on December 31, 2020. The Transition Period ended on December 31, 2020 and the Provisional Period is now in effect. However, the TCA is limited in its scope to primarily the trade of goods, transport, energy links and fishing, and uncertainties remain relating to certain aspects of the UK’s future economic, trading and legal relationships with the EU and with other countries. The actual or potential consequences of Brexit, and the associated uncertainty, could adversely affect economic and market conditions in the UK, in the EU and its member states and elsewhere, and could contribute to instability in global financial markets. The effect of such potential events on us is impossible to predict; but they could significantly impact

volatility, liquidity and/or the market value of securities, including the New Notes, and could have a material adverse effect on our ability to make payments on the New Notes.

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

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

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

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

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

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

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

We plan to retain a portion of our properties for recurring rental income in the later stages of our development, and some of such properties may be designated as properties held for investment purposes. As of June 30, 2022, we had an aggregate of 0.4 million sq.m. of properties designated as investment property. In general, investment in properties is relatively illiquid compared with other forms of investment. Economic conditions may change that could force us to consider disposing of some or all of our investment properties. Our ability, however, to sell any of our investment properties in response to changing economic, financial and investment conditions on a timely basis, or at all, is limited.

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

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

Furthermore, we are required to reassess the fair value of any investment properties we may hold. Gains or losses arising from changes in the fair value of any such investment properties will be reflected in our results of operations in the period in which they arise. Fair value gains in investment properties would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of the increased profit.

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

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

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

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

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

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

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

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

Toward the end of 2019, a highly infectious novel coronavirus, was identified and quickly spread globally. The World Health Organization, or the WHO, later named it COVID-19. WHO is closely monitoring and evaluating the situation. On January 30, 2020, the WHO declared the outbreak of COVID-19 a Public Health Emergency of International Concern, or the PHEIC. In March 2020, the WHO characterized the outbreak of COVID-19 a pandemic. As of the date of this exchange offer memorandum, COVID-19 pandemic has spread to over 200 countries and territories globally with death toll and number of infected cases continuing to rise. Many countries have imposed unprecedented measures to halt the spread of the COVID-19 pandemic, including strict city lockdowns and travel bans. Several cities in China where we have property development projects and sales center had been under lockdown, and have imposed travel restrictions in an effort to curb the spread of COVID-19 pandemic.

The outbreak of COVID-19 pandemic caused the delay in resumption of local business in the PRC after the Chinese New Year holiday in 2020 and, as the outbreak extended, several countries introduced new restrictions on international travel. The COVID-19 pandemic temporarily suspended our construction and sales activities in the first quarter of 2020. Given the high uncertainties associated with the COVID-19 pandemic at the moment, it is difficult to predict how long these conditions will last and the extent to which we may be affected. Should the disruption to our operations continue, we may experience delays in completion and delivery of our projects, which may materially and adversely affect our results of operations and financial condition and may also cause reputation damage. In addition, any further disruption to our sales activities may negatively affect our liquidity and access to capital. The COVID-19 pandemic may further create negative economic impact and increase volatility in the PRC and global market and continue to cause increasing concerns over the prospects of the PRC residential property market, which may materially and adversely affect the demand for properties and property prices in China. 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.

While the COVID situation in China has been relatively under control, there have been multiple waves of the COVID-19 outbreak in several provinces in China since the second half of 2021, including the emergence of various novel variants such as Delta and Omicron, which had led to additional travel restrictions and quarantine measures. These restrictive measures had adverse impact to our operation, including delay in property delivery and construction, as well

as slow down in contracted sales. Given the uncertainties as to the development of the outbreak at the moment, it is difficult to predict how long these conditions will persist and to what extent to which we may be affected.

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

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

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

In accordance with the provisions of the LAT Regulation, all persons including companies and individuals that receive income from the sale or transfer of state-owned land-use rights, buildings and their attached facilities must pay LAT at 30% to 60% on any appreciation gain in respect of the land and improvements on such land. In addition, certain of our subsidiaries were subject to a LAT calculated based on 6% to 8% of their revenue in accordance with the authorized tax valuation method approved by local tax authorities. As permitted by PRC laws, we have been prepaying LAT with reference to our pre-sale proceeds. We recorded LAT expenses of RMB53.0 million, RMB198.8 million, RMB67.6 million (US\$10.1 million) and RMB12.7 million (US\$1.9 million) in 2019, 2020, 2021 and the six months ended June 30, 2022, respectively. The PRC regulatory authorities may use a different method to assess our LAT obligations. As a result, we may be required to pay additional LAT and our LAT rates and obligations in the future may also increase, which may have an adverse effect on our financial condition.

Potential liability for environmental issues could result in substantial costs.

We are subject to a variety of environmental laws and regulations during the construction of our development projects. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, the site's environmental condition, the present and former uses of the site, as well as adjoining properties. Environmental laws and conditions may result in project delays, may cause us to incur substantial compliance and other costs and can prohibit or severely restrict project development

activity in environmentally sensitive regions or areas. In addition, we cannot predict the impact that unforeseeable environmental contingencies or new or changed laws or regulations may have on us or our projects.

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

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

As of the date of this exchange offer memorandum, our Controlling Shareholder beneficially owned approximately 60.93% of our issued share capital. Our Controlling Shareholder has and will continue to have the ability to exercise a controlling influence over our business, and may cause us to take actions that are not in, or may conflict with, the best interests of our Company or our creditors, including matters relating to our management and policies and the election of our directors and senior management. Our Controlling Shareholder will be able to influence our major policy decisions, including our overall strategic and investment decisions, by controlling the election of our directors and, in turn, indirectly controlling the selection of our senior management, determining the timing and amount of any dividend payments, deciding on increases or decreases in our share capital, determining our issuance of new securities, approving mergers, acquisitions and disposals of our assets or businesses, and amending our articles of association.

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

Our future success depends heavily upon the continuing services of the members of our senior management team, who have extensive experience in the property development industry, and the performance of new members of our senior management team appointed in October 2019. If one or more of our senior executives or other personnel who have experience in the property development industry are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our financial condition and results of operations may be materially and adversely affected. In addition, our ability to expand depends on our being able to attract skilled management-level employees on the project company level. Competition for senior management and key personnel is intense and the pool of qualified candidates is very limited, and we may not be able to retain

the services of our senior executives or key personnel, or attract and retain high quality senior executives or key personnel in the future. In addition, if any such person or any other key personnel of the Company carries on any activities competing with us, we may lose customers, key professionals and staff members and our legal remedies against such persons may be limited.

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

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

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

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

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

There is a growing awareness of environmental issues in the PRC and we may sometimes be expected to meet more stringent standards than those under applicable environmental laws and regulations. We have not adopted any special environmental protection measures other than

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

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

We maintain insurance as required by applicable PRC laws and regulations and as we consider appropriate for our business operations. We do not, however, maintain insurance against all risks associated with our operations, such as insuring our projects under development against natural or accidental damage and destruction by fire, flood, lightning, explosions or other hazards during construction periods or insuring our assets against certain natural disasters. We may incur losses, damages or liabilities during any stage of our property development and we may not have sufficient funds to cover the same or to rectify or replace any uninsured property or project that has been damaged or destroyed. In addition, any payments we are obligated to make to cover any losses, damages or liabilities may materially and adversely affect our business, results of operations and financial condition.

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

Since September 2021, there has been negative news relating to certain Chinese property companies including defaults on their indebtedness. This has had a negative impact on, and resulted in increased volatility in, the property sector in China. Such developments may have an adverse impact on the ability of Chinese property developers, management companies and potential property purchasers to obtain financing, a decrease in consumer confidence and demand in China real estate and increased market volatility.

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

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

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

Risks Relating to the PRC

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

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

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

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

investments, changes in tax regulations that are applicable to us, change in interest rates and statutory reserve rates for banks or government control in bank lending activities.

China's economic growth may also slow down due to weakened exports as a result of tariffs and trade tensions caused by the U.S.-China trade war, which would create 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 which the U.S. agreed to cancel a portion of tariffs imposed on Chinese products, China promised additional purchases of U.S. goods and services, and both parties expressed a commitment to further improving various trade issues. Despite this reprieve, however, it remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. If either government violates the Phase I Agreement, it is likely that enforcement actions will be taken and trade tensions will escalate. Furthermore, additional concessions are needed to reach a comprehensive resolution of the trade war. The roadmap to the comprehensive resolution remains unclear, and the lasting impact the trade war may have on China's economy and the real estate industry remains uncertain. 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.

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

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

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

The exchange rates between the Renminbi and the U.S. dollar, the Hong Kong dollar, and other foreign currencies are affected by, among other things, changes in China's political and economic conditions. Pursuant to reforms of the exchange rate system, Renminbi-to-foreign currency exchange rates are allowed to fluctuate within a band of 2.0% above or below the central parity rate against a basket of foreign currencies, effective March 17, 2014. In August 2015, the PBOC changed the way it calculates the mid-point price of Renminbi against U.S. dollar, requiring the market-makers who submit for the PBOC's reference rates to consider the previous day's closing spot rate, foreign-exchange demand and supply as well as changes in major currency rates. This change, and other changes such as widening the trading band that may be implemented, may increase volatility in the value of the Renminbi against foreign currencies. The PRC government may adopt further reforms of its exchange rate system,

including making the Renminbi freely convertible in the future. If such reforms were implemented and resulted in devaluation of the Renminbi against the U.S. dollar and other currencies, our gearing may increase and our financial condition and results of operations could be adversely affected because part of our existing indebtedness and obligations are denominated in U.S. dollar. Such devaluation could also adversely affect the value, translated or converted into U.S. dollars or otherwise, of our earnings and our ability to satisfy our obligations under the Existing Notes and the New Notes and our ability to obtain future financings in foreign currencies.

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

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

On October 21, 2005, State Administration of Foreign Exchange (“SAFE”) promulgated the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicles and Investing Back in China by Domestic Residents (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), which became effective on November 1, 2005 (“Circular No. 75”). The notice requires PRC domestic resident natural persons (境內居民自然人) to register or file with the local SAFE branch in the following circumstances: (i) before establishing or controlling any company outside the PRC for the purpose of capital financing, (ii) after contributing their assets or shares of a domestic enterprise into overseas special purpose vehicles, or raising funds overseas after such contributions, and (iii) after any major change in the share capital of the special purpose vehicles without any round-trip investment being made. On July 14, 2014, SAFE promulgated the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Offshore Investing and Financing and Round-Trip Investing by Domestic Residents through Special Purpose Vehicles (the “Circular No. 37”) (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), for the purpose of simplifying the approval process, and for the promotion of the cross-border investment. The Circular No. 37 supersedes the Circular No. 75 and revises and regulates the relevant matters involving foreign exchange registration for round-trip investment. Under the Circular No. 37, in the event the change of basic information of the registered offshore special purpose vehicle such as the individual shareholder, name, operation term, etc., or if there is a capital increase, decrease, equity transfer or swap, merge, spin-off or other amendment of the material items, the domestic resident shall complete the change of foreign exchange registration formality for offshore investment. In addition, according to the procedural guideline as attached to the Circular No. 37, the principle of review has been

changed to “the domestic individual resident is only required to register the SPV directly established or controlled (first level).” According to Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015, which became effective from June 1, 2015, the initial foreign exchange registration for establishing or taking control of a special purpose vehicle by domestic residents may be filed with a qualified bank, instead of the local branch of the SAFE.

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

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

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

The Company is a holding company established in the Cayman Islands and we operate a substantial part of our business through our subsidiaries in China. PRC laws require that dividends be paid only out of net profit, calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS and United States generally accepted accounting principles. PRC laws require foreign invested enterprises, including all of our subsidiaries in China, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. Since the availability of funds to pay dividends to our shareholders and to service our indebtedness, including the New Notes, depends upon dividends

received from these subsidiaries, any restrictions on the availability and flexibility to transfer dividend outside China may impact our ability to service our indebtedness, including the New Notes.

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

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

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

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

The PRC Enterprise Income Tax Law (the “EIT Law”) and its Implementation Rules, which became effective on January 1, 2008 and was amended on December 29, 2018 and April 23, 2019 respectively, replaced the previous two separate tax regimes for foreign-invested enterprises and Chinese domestic companies and imposes a single uniform income tax rate of 25% for all enterprises, including foreign-invested enterprises, unless they qualify for any exemptions or reductions. Although the EIT Law revokes many of the previous tax exemption, reduction and preferential treatments which were applicable to foreign-invested enterprises, it provides for various transition periods and measures for previous preferential tax policies. Our PRC subsidiaries, Ganzhou Hydoo Commercial and Trade Logistics Park Development Company Limited and Wuzhou Hydoo Commercial and Trade Centre Co., Ltd., were approved to enjoy the

preferential income tax rate of 15% for the tax period from 2012 to 2020 and from 2015 to 2020, respectively. However, such preferential tax treatment is legally required to be reported and declared to the local tax authority on an annual basis within five months after the year end and the local tax authority needs to review and reaffirm such treatment annually, thus there is no assurance that such preferential tax treatment will not be amended or revoked due to reasons beyond our control, including without limitation, any change in the relevant policy, laws and regulations in China or in the local region. As a result, we may not be able to realize the benefit of such preferential tax treatment as we currently expect, or at all. Moreover, once the preferential tax treatment expires or otherwise becomes unavailable to us for any reason, including their termination or cancellation by the relevant government authority, and we fail to obtain other preferential tax treatment, our profitability may be adversely affected.

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

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

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

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

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

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

As required by PRC regulations, we make contributions to mandatory social security funds for the benefit of our PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds, to designated government agencies. During 2019, 2020 and 2021 and the six months ended June 30, 2022, we did not make sufficient contributions to the social insurance and housing provident funds for some of the employees due to miscommunication between our departments, inconsistency in implementation or interpretation of the relevant PRC laws and regulations among government authorities in the PRC and, in some cases, voluntary decisions by the relevant employees.

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

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

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

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

Although SAT Circular No. 7 contains certain exemptions (including (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from PRC enterprise income tax law under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under SAT Circular No. 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying SAT Circular No. 7. On October 17, 2017, the SAT issued a new circular, namely the Announcement on Issues Concerning the Withholding of Non-resident Enterprise Income Tax Source (《關於非居民企業所得稅源泉扣繳有關問題的公告》) (the “Announcement No. 37”), which provides guidance on handling matters relating to the withholding of non-resident enterprise income tax at source in accordance with relevant laws and regulations. As a result, we may be subject to tax under SAT Circular No. 7 and Announcement No. 37 and may be required to expend valuable resources to comply with SAT Circular No. 7 and Announcement No. 37 or to establish that we should not be taxed under SAT Circular No. 7 and Announcement No. 37, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

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

The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little value as precedents in subsequent legal proceedings. In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general, and forms of foreign investment (including wholly foreign-owned enterprises and joint ventures) in particular. These laws, regulations and legal requirements are relatively new and are often changing, and their

interpretation and enforcement involve significant uncertainties that could limit the reliability of the legal protections available to us. We cannot predict the effects of future developments in the PRC legal system. We may be required in the future to procure additional permits, authorizations and approvals for our existing and future operations, which may not be obtainable in a timely fashion or at all. An inability to obtain such permits or authorizations may have a material adverse effect on our business, financial condition and results of operations.

For example, on September 14, 2015, the NDRC issued the Notice of the National Development and Reform Commission on Promoting the Administrative Reform of the Recordation and Registration System for Enterprises' Issuance of Foreign Debts (關於推進企業發行外債備案登記制管理改革的通知), or the "NDRC Circular" which came into effect on the same day. According to the NDRC Circular, enterprises domiciled within the PRC and their overseas subsidiaries or branches should file and register with the NDRC prior to issuance of foreign debt instruments and report relevant information on the issuance of the foreign debt instruments to the NDRC within ten business days in the PRC after the completion of each issuance. The NDRC issued the Administrative Measures for the Examination and Registration of Medium- and Long-term Foreign Debts of Enterprises (企業中長期外債審核登記管理辦法) (the "NDRC Order 56") on January 5, 2023, which came into effect on February 10, 2023 and superseded the NDRC Circular. According to the NDRC Order 56, enterprises domiciled within the PRC and their overseas subsidiaries or branches shall procure the registration of any foreign debt instruments with NDRC prior to borrowing the foreign debt and shall, (i) report to the NDRC the information on borrowing foreign debts within ten business days after borrowing each foreign debt and the expiration of the Enterprise Foreign Debt Review and Registration Certificate, (ii) report to the NDRC the information on the use of foreign debt fund, status, plans and arrangements of repayment of principal and interest, major operating indicators and etc. within five business days before the end of January and the end of July each year, and (iii) report relevant information upon the occurrence of any material event that may affect the enterprise's due performance of its debt obligations. The actual use of the funds raised by an enterprise's foreign debts shall be consistent with the usage of funds indicated in the Enterprise Foreign Debt Review and Registration Certificate, and such funds shall not be used for other purposes. The NDRC Order 56 mentions some legal consequences of non-compliance with the pre-issue registration requirement. For example, if the enterprise borrows a foreign debt in violation of the NDRC Order 56, the NDRC shall impose punitive measures such as summoning a regulatory talk with, giving a public warning against the relevant enterprise and its principal person-in-charge depending on the severity of the circumstances, and if an intermediary agency knows or should know that an enterprise borrows foreign debts in violation of the relevant provision of the NDRC Order 56 but still provides relevant intermediary services to the enterprise, the NDRC shall circulate a notification on the violations, and consult the relevant department on punishing the relevant intermediary agency and relevant liable persons in accordance with the applicable laws and regulations. In the worst scenario, if pre-issue registration is required but not complied with, it might become unlawful for the issuer to perform or comply with any of its obligations with respect to the foreign debt. Similarly, the NDRC Order 56 mentions some legal consequences of non-compliance with the post-issue report requirement. The aforesaid violations by enterprises and relevant intermediary agencies shall be publicized through the "Credit China" website and the National Enterprise Credit Information Publicity System. On June 27, 2018, at a press conference held by the NDRC regarding the Notice Concerning Improvements to Market Restraint Mechanisms and Strict Prevention of

Foreign Debt Risk and Local Government Debt Risk (關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) jointly issued by the NDRC and the Ministry of Finance, the NDRC officials expressed that they plan to further regulate and standardize, among others, the relevant qualifications for the issuance of foreign debt and the usage of funds from such issuance by enterprises. On July 12, 2019, the NDRC published on its website A Notice on Requirements for Foreign Debt Registration Application by Real Estate Enterprises (關於對房地產企業發行外債申請備案登記有關要求的通知), which imposes more restrictions on real estate enterprises incurring medium to long term foreign debt. The use of proceeds of foreign debt incurred by a real estate developer is limited to refinancing medium to long term offshore debts of the real estate developer which will become due within one year. The real estate developer is required to specify in documents for application of foreign debt registration with NDRC the details of such medium to long term offshore debts, such as amount, maturity date, and whether such medium to long term offshore debts were registered with NDRC. The real estate developer is also required to submit a commitment letter regarding the authenticity of its foreign debt issuance. Failing to comply with these restrictions, the real estate developer may be blacklisted and prevented from obtaining foreign debt registrations in the future. Additionally, given the involvement of different enforcement bodies of the relevant rules and regulations and the non-binding nature of prior court decisions and administrative rulings, the interpretation and enforcement of PRC laws and regulations involve significant uncertainties under the current legal environment. All these uncertainties may limit the legal protections available to foreign investors including you.

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

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

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

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

Risks Relating to the New Notes

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

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

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

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

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

Creditors, including trade creditors of Non-Guarantor Subsidiaries, would have a claim on the Non-Guarantor Subsidiaries' assets that would be prior to the claims of the holders of the New Notes. As a result, our payment obligations under the New Notes will be effectively subordinated to all existing and future obligations of our Non-Guarantor Subsidiaries, including their obligations under guarantees they have issued or will issue in connection with our business operations, and all claims of creditors of our Non-Guarantor Subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the New Notes. As of June 30, 2022, our Group had bank loans and other borrowings, interest-bearing loan from a non-controlling interest and senior notes in the amount of RMB7,727.8 million (US\$1,153.7 million). The New Notes and the Indenture permit us, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) and our Non-Guarantor Subsidiaries to incur additional indebtedness and issue additional guarantees, subject to certain limitations. In addition, our secured creditors or those of any Subsidiary Guarantor or JV Subsidiary Guarantors (if any) would have priority as to our assets or the assets of such Subsidiary Guarantor or JV Subsidiary Guarantors (if any) securing the related obligations over claims of holders of the New Notes.

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

We have incurred significant indebtedness and may incur substantial additional indebtedness in the future, which could materially and adversely affect our financial condition and could further intensify the risks associated with our leverage.

We have significant indebtedness outstanding. As of June 30, 2022, bank loans and other borrowings, interest-bearing loan from a non-controlling interest and senior notes amounted to approximately RMB7,727.8 million (US\$1,153.7 million). In addition, we and our subsidiaries may from time to time incur substantial additional indebtedness. Although the Indenture limits us and our subsidiaries from incurring additional debt, these limitations are subject to important exceptions and qualifications. If we or our subsidiaries incur additional debt, the risks that we and our subsidiaries face as a result of such indebtedness and leverage could intensify. The amount of our indebtedness could have important consequences to holders of the New Notes. For example, it could:

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

In the future, we may from time to time incur substantial additional indebtedness and contingent liabilities. Under the New Notes, our ability to incur additional debt is subject to the limitation on indebtedness and preferred stock covenant. Under such covenant, we may incur certain indebtedness if we can, among other things, satisfy the Fixed Charge Coverage Ratio (as defined in the section entitled “Description of the New Notes”). The Fixed Charge Coverage Ratio is derived by dividing Consolidated EBITDA by Consolidated Fixed Charges (each as defined in the section entitled “Description of the New Notes”). Because our definition of Consolidated Net Income (which is a significant component of Consolidated EBITDA) includes our unrealized gains on valuation adjustments on our investment properties, our Consolidated EBITDA could be substantially larger when compared to other similarly situated PRC issuers whose covenants do not include such unrealized gains in the definition of Consolidated Net Income. As a result, our ability to incur additional debt under the Fixed Charge Coverage Ratio could be substantially larger when compared to other issuers. If we or our subsidiaries incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify. If our onshore subsidiaries incur additional debt, the ratings assigned to

the New Notes by any rating agency may be adversely affected which could adversely affect the market price of the New Notes.

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

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

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

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

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

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;

- guarantee indebtedness;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- engage in any business other than a “Permitted Business” as defined in the Indenture;
- enter into agreements that restrict the Restricted Subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans; and
- enter into transactions with shareholders or affiliates; and effect a consolidation or merger.

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

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

In light of land prices, sizes of projects and other factors, we may from time to time consider developing property developments jointly with other property developers and business partners. As a result, we may need to make investments in joint ventures (including joint ventures in which we may own an equity interest of 50% or less), and such joint ventures may or may not be Restricted Subsidiaries. Although the indenture governing the New Notes restricts us and our Restricted Subsidiaries from making investments in Unrestricted Subsidiaries or minority joint ventures, these restrictions are subject to important exceptions and qualifications including, among others, that we may, subject to certain conditions, make investments in Unrestricted Subsidiaries and minority owned joint ventures in aggregate amount not to exceed 30% of our total assets without having to satisfy the Fixed Charge Coverage Ratio. See “Description of the New Notes — Limitation on Restricted Payments” and the definition of “Permitted Investment” in “Description of the New Notes.”

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

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

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

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

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

If we are unable to comply with the restrictions and covenants in our loan agreements, other debt agreements or the Indenture, there could be a default under the terms of these agreements or the Indenture that could cause repayment of our debt to be accelerated, which we may not have sufficient funds to repay.

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

In addition, we are subject to restrictive and financial covenants in the loan agreements between us and certain banks. If we fail to comply with these restrictive and financial covenants, our lenders may be entitled to require additional guarantees from us, and in the event we cannot provide those additional guarantees, our lenders may be entitled to accelerate the repayment of

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

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

As a holding company, we depend on the receipt of dividends and the interest and principal payment on intercompany loans or advances from our subsidiaries and associates to satisfy our obligations, including our obligations under the New Notes. In addition, if any of our subsidiaries or associates raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to us to make payments on the New Notes. These restrictions could reduce the amounts that we receive from our subsidiaries and associates, which would restrict our ability to meet our payment obligations under the New Notes, the obligations of the Subsidiary Guarantors under the Subsidiary Guarantees and the obligations of the JV Subsidiary Guarantors (if any) under the JV Subsidiary Guarantees.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with IFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries and associates are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends. In addition, dividends paid by our PRC subsidiaries to their non-PRC parent companies will be subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. Pursuant to an avoidance of double taxation arrangement between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident and directly holds a 25% or more interest in the PRC enterprise, such restrictions tax rate may be lowered to 5%. However, according to current PRC tax regulations, an approval from the local tax authority for enjoying the 5% withholding tax rate is required and such lower rate will be denied to “conduit” or shell companies without business substance. As a result, there could be restrictions, including timing limitations, on payments from our PRC subsidiaries and associates to meet payments required by the New Notes, to satisfy the obligations of the Subsidiary Guarantors under the Subsidiary Guarantees or the Subsidiary

Guarantors (if any) under the JV Subsidiary Guarantees and to redeem the New Notes for any early redemption.

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

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

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

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

In addition, the definition of Change of Control for purposes of the Indenture does not necessarily afford protection for the holders of the New Notes in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancing, restructurings or other recapitalizations.

These types of transactions could, however, increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of Change of Control for purposes of the Indenture also includes a phrase relating to the sale of “all or substantially all” of our assets. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition under applicable law. Accordingly, our obligation to make an offer to purchase the New Notes and the ability of a holder of the New Notes to require us to purchase its New Notes pursuant to the offer as a result of a highly-leveraged transaction or a sale of less than all of our assets may be uncertain.

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

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

A significant portion of our business operations is conducted through our subsidiaries in China. Certain of the Subsidiary Guarantors, as equity holders in our PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of the United States and other jurisdictions with which the holders of the New Notes are familiar. You should analyze the risks and uncertainties carefully before you invest in our New Notes.

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

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

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

Any hedging obligation entered into or to be entered into by us or our subsidiaries, may contain terms and conditions that may result in the early termination, in whole or in part, of such hedging obligation upon the occurrence of certain termination or analogous events or conditions (howsoever described), including such events relating to us and/or any of our subsidiaries, and the terms and conditions of such hedging obligation(s) may provide that, in respect of any such early termination, limited or no payments may be due and payable to, or that certain payments may be due and payable by, us and/or any of our subsidiaries (as relevant) in respect of any such early termination. Any such early termination, in whole or in part, of any

such hedging obligation(s), and the payment and any other consequences and effects of such early termination(s), may be material to our financial condition and/or any of our subsidiaries and may be material in relation to the performance of our or their respective obligations under or in relation to the New Notes (if applicable), any indebtedness or any other present or future obligations and commitments.

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

The New Notes are a new issue of securities for which there is currently no trading market. Although approval in-principle has been received from the SGX-ST for the listing and quotation of the New Notes on the Official List of the SGX-ST, we may not obtain or be able to maintain a listing on the SGX-ST. In addition, if the New Notes are listed, a liquid trading market may not develop. We have been advised that the Dealer Manager intends to make a market in the New Notes, but the Dealer Manager is not obligated to do so and may discontinue such market making activity at any time without notice. In addition, the New Notes are being offered pursuant to exemptions from registration under the Securities Act, and, as a result, you will only be able to resell your New Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See “Transfer Restrictions.” We cannot predict whether an active trading market for the New Notes will develop or be sustained.

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

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

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

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

The price and trading volume of the New Notes may be highly volatile. Factors such as variations in our revenue, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to our industry and general economic conditions nationally or internationally could cause the price of the New Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the New Notes. These developments may occur in the future.

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

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

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

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

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

The New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees have not been registered under, and we are not obligated to register the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See “Transfer Restrictions.” We have not agreed to or otherwise undertaken to register the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (including by way of an exchange offer), and we have no intention to do so.

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

The New Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the global notes representing the New Notes will trade in book-entry form only, and New Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances.

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

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

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

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

As described above, we may be treated as a PRC resident enterprise under the EIT Law. See “— Risks Relating to the PRC — We may be treated as a PRC tax resident, which may have an adverse effect on us and the holders of New Notes.” If we are treated as a PRC resident enterprise under the EIT Law, we would be required to withhold PRC tax on interest payable to certain of our non-resident investors and pay, subject to certain exceptions, additional amounts with respect to such withholding tax. As described in “Description of the New Notes — Redemption for Taxation Reasons,” in the event we are required to pay additional amounts as a result of certain changes in tax law, including changes in existing official position or the stating of an official position that results in our being required to withhold tax due to our being treated as a PRC resident enterprise, we may redeem the New Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

The events of default provision under the New Notes will carve out any cross-default events arising directly or indirectly from any defaults or events of default under the Existing Notes.

As part of the purpose of the Exchange Offer is to improve our overall financial condition, the events of default provision under the New Notes carves out any cross-default events arising directly or indirectly from any defaults or events of default under the Existing Notes. Holders of

the New Notes may face more uncertainty and potentially higher credit risk in this regard if any default occurs with respect to our other indebtedness, including the Existing Notes, because such other indebtedness could become immediately due and payable upon such defaults, and we have to settle or repay such indebtedness, but payment of the New Notes would not be accelerated and holders of the New Notes would continue to hold the New Notes despite such defaults under the Existing Notes.

Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees

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

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

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

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

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

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the Subsidiary Guarantee or JV Subsidiary Guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the Subsidiary Guarantee or JV Subsidiary Guarantee not been given;
- received less than the reasonably equivalent value or fair consideration for the incurrence of such Subsidiary Guarantee or JV Subsidiary Guarantee or there was otherwise an absence of or insufficient corporate benefit under applicable laws;
- was insolvent or rendered insolvent by reason of such incurrence;

- was engaged in a business or transaction for which the Subsidiary Guarantor's or JV Subsidiary Guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measure of insolvency for purposes of the foregoing will vary depending on the law of the jurisdiction which is being applied. Generally, the Subsidiary Guarantor or JV Subsidiary Guarantor would be considered insolvent at a particular time if it is unable to pay its debts as they fall due or if the sum of its debts was then greater than all of its property at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debt as they became absolute and matured. The directors of the Subsidiary Guarantors and JV Subsidiary Guarantors should also ensure that the issued capital of the Subsidiary Guarantor or JV Subsidiary Guarantor is maintained and that, after this transaction, the Subsidiary Guarantor or JV Subsidiary Guarantor would have sufficient net assets to cover the nominal value of its issued share capital.

In addition, a Subsidiary Guarantee or JV Subsidiary Guarantee may be subject to review under applicable financial assistance, insolvency, corporate benefit or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the Subsidiary Guarantors and JV Subsidiary Guarantors. In such case, the analysis set forth above would generally apply, except that the Subsidiary Guarantee or JV Subsidiary Guarantee will be limited to the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor or JV Subsidiary Guarantor without rendering the guarantee, as it relates to such Subsidiary Guarantor or JV Subsidiary Guarantor (as the case may be), voidable under such applicable insolvency, corporate benefit or fraudulent transfer laws.

If a court voided a Subsidiary Guarantee or JV Subsidiary Guarantee, subordinated such guarantee to other indebtedness of a Subsidiary Guarantor or JV Subsidiary Guarantor, or held the Subsidiary Guarantee or JV Subsidiary Guarantee unenforceable for any other reason, holders of the New Notes would cease to have a claim against that Subsidiary Guarantor or JV Subsidiary Guarantor based upon such guarantee, would be subject to the prior payment of all liabilities (including trade payables) and any preferred stock of such Subsidiary Guarantor or JV Subsidiary Guarantor and would solely be creditors of us and any Subsidiary Guarantor and JV Subsidiary Guarantor whose guarantee was not voided or held unenforceable. After providing for all prior claims, there may not be sufficient assets to satisfy the claims of such holders of the New Notes.

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

A Subsidiary Guarantee or JV Subsidiary Guarantee given by a Subsidiary Guarantor or JV Subsidiary Guarantor may be released in the event of an initial public offering of the Subsidiary Guarantor or JV Subsidiary Guarantor in certain circumstances. For example, upon an initial public offering of any Subsidiary Guarantor or JV Subsidiary Guarantor, the guarantee provided by such Subsidiary Guarantor or JV Subsidiary Guarantor will be released provided such initial public offering and such sale of shares complies with the limitations set forth in the Indenture. Where a Subsidiary Guarantee or JV Subsidiary Guarantee is released in such instance, in the event of a bankruptcy, liquidation or reorganization of any such Subsidiary or JV Subsidiary, holders of its indebtedness and its trade creditors will generally be entitled to payment of their

claims from the assets of that Subsidiary or JV Subsidiary before any assets are available for distribution to us or any of our other Subsidiary Guarantors or JV Subsidiary Guarantors. The New Notes, therefore, will be structurally subordinated to other liabilities of such Subsidiary or JV Subsidiary, including liabilities owed to trade creditors.

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

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

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

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

In certain circumstances the Trustee may (at its sole discretion) request the holders of the New Notes to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes any enforcement actions on behalf of the holders of the New Notes. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Indenture governing the New Notes and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the New Notes to take such actions directly.

QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

Any summary or description of the Restructuring Support Agreement hereto is qualified in its entirety by, and is subject to, the full form of the Restructuring Support Agreement set forth in Appendix A to this exchange offer memorandum. Holders are encouraged to read the full form of the Restructuring Support Agreement set forth in Appendix A to this exchange offer memorandum in detail and should not rely on the summary or description of the Restructuring Support Agreement hereto.

Q: Why is the Company conducting the Exchange Offer and Restructuring Support Agreement for the Scheme?

A: We believe that the Exchange Offer, if successfully completed, can improve our debt structure, enabling us to extend our debt maturity profile, strengthen our balance sheet and improve cash flow management. See “Summary of the Exchange Offer — Purpose of the Exchange Offer.”

If the Exchange Offer is not successfully consummated, we might undertake alternative debt restructuring exercises, including launching the Scheme to effect a Restructuring of the Existing Notes pursuant to the terms of the Restructuring Support Agreement (the form of which is set forth in Appendix A to this exchange offer memorandum), which each tendering Eligible Holder would have executed (in the case such Eligible Holder is a beneficial owner of the Existing Notes), or caused the beneficial owners on whose behalf such Eligible Holder is holding the Existing Notes to execute (in the case such Holder is not a beneficial owner for all of the Existing Notes it holds), if in our judgment there is sufficient support from Eligible Holders for the Scheme.

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

A: For each US\$1,000 principal amount of outstanding May 2023 Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange, an Eligible Holder will receive the Exchange Consideration consisting of US\$1,010 in aggregate principal amount of the New Notes. For each US\$1,000 principal amount of the outstanding October 2023 Notes that is validly tendered prior to the Expiration Deadline and accepted for exchange, an Eligible Holder of such Existing Notes will receive the Exchange Consideration consisting of US\$1,000 in aggregate principal amount of the New Notes.

We reserve the right, in our sole discretion, to accept less than the Minimum Acceptance Amount of each Series of the Existing Notes, or to accept none of such Existing Notes, for exchange pursuant to the Exchange Offer.

An Eligible Holder of Existing Notes who participates in the Exchange Offer will receive, upon the successful consummation of the Exchange Offer, the Exchange Consideration, if it tenders the Existing Notes it holds for exchange, with respect to its entire holding of the relevant Series of the Existing Notes and in accordance with the terms, and subject to the conditions, of the Exchange Offer.

An Eligible Holder of Existing Notes who participates in the Exchange Offer will receive, upon the successful consummation of the Exchange Offer, the Exchange Consideration, if it (i) tenders the Existing Notes it holds for exchange, and (ii) validly executes (or cause relevant beneficial owners to validly execute) the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof), each with respect to its entire holding of the relevant Series of the Existing Notes and in accordance with the terms, and subject to the conditions, of the Exchange Offer.

Subject to the terms of this exchange offer memorandum, an Eligible Holder who submits its instruction(s) in respect of the Exchange Offer only without executing the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof) is not entitled to any Exchange Consideration.

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

Q: When is the Accrued Interest payable?

A: Accrued and unpaid interest on the Existing Notes validly tendered and accepted for exchange, up to but not including the Settlement Date, if any, shall be paid in kind by increasing the principal amount of the New Notes to be issued to Eligible Holders by the amount of such accrued and unpaid interest on the Existing Notes.

For the avoidance of doubt, no accrued and unpaid interest on the Existing Notes up to but not including the Settlement Date shall be paid in cash.

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

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

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

In addition, we may not be able to repay the remaining non-exchanging Existing Notes upon maturity. See “Risk Factors — Risks Relating to the Exchange Offer Generally — The proposed elimination of, or amendments to, provisions in the Existing Notes Indentures will reduce the protection afforded to remaining holders of Existing Notes and could materially and adversely affect the credit risk inherent in the Existing Notes.” In addition, the trading market for Existing Notes that are not exchanged could become more limited than the

existing trading market for the Existing Notes and could cease to exist altogether due to the reduction in the amount of the Existing Notes outstanding upon consummation of the Exchange Offer.

In the event the Exchange Offer is terminated, we may, in lieu of the Exchange Offer, seek to complete the Scheme to effect a Restructuring of the Existing Notes in accordance with the terms of the Restructuring Support Agreement (the form of which is set forth in Appendix A to this exchange offer memorandum). Subject to the terms of the Scheme Documents (as defined in the Restructuring Support Agreement), if the Scheme is successful, the Scheme Creditors will receive the Restructuring Consideration (as defined in the term sheet attached to the form of the Restructuring Support Agreement set forth in Appendix A to this exchange offer memorandum). In such case, all noteholders will have their Existing Notes redeemed and exchanged for New Notes.

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

A: The interest rate on the May 2023 Notes is 12% per annum, the May 2023 Notes will mature on May 22, 2023 and the outstanding principal amount of the May 2023 Notes shall be paid in installments on November 23, 2022, February 23, 2023 and the maturity date, respectively. The interest rate on the October 2023 Notes is 13.85% per annum and the October 2023 Notes will mature on October 12, 2023. The New Notes will mature on the date falling on the last day of the 36th months after the Original Issue Date. The New Notes will bear interest at 7.0% per annum.

Q: What is the rationale for executing the Restructuring Support Agreement when I tender my Existing Notes in the Exchange Offer?

A: To facilitate the implementation of a restructuring of the Existing Notes, we may consider terminating the Exchange Offer and, in lieu of the Exchange Offer, seek to complete the Scheme to effect a Restructuring of the Existing Notes on terms similar to the Exchange Offer, as contemplated in the term sheet set forth in Appendix A to this exchange offer memorandum. To facilitate the approval of the Scheme, we are requiring, as a condition to participating in the Exchange Offer, each Eligible Holder tendering in the Exchange Offer to also execute (in the case such Eligible Holder is a beneficial owner of the Existing Notes), or cause the beneficial owners on whose behalf such Eligible Holder is holding the Existing Notes to execute (in the case such Eligible Holder is not a beneficial owner for all of the Existing Notes it holds), the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof). Holders of the Existing Notes will need to visit the RSA Accession Portal (<https://deals.is.kroll.com/younggo-rsa>) for instructions on how to execute the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof).

Eligible Holders and beneficial owners may not execute the Restructuring Support Agreement only without tendering Existing Notes. In other words, an Eligible Holder of Existing Notes who wishes to participate in the Exchange Offer must (i) tender the Existing

Notes it holds for exchange, and (ii) validly execute (or cause relevant beneficial owners to validly execute) the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof), each with respect to the entire holding of Existing Notes and in accordance with the terms, and subject to the conditions, of the Exchange Offer.

By requiring tendering Eligible Holders to both tender their Existing Notes in the Exchange Offer and accede to the Restructuring Support Agreement, the Company is preserving the flexibility to implement its Restructuring by two different methods. The Company believes that preserving this flexibility increases the likelihood that the Company's Restructuring efforts will ultimately meet with success. If a sufficient principal amount of each Series of the Existing Notes is tendered in the Exchange Offer, the Company may complete the Exchange Offer, allowing the Restructuring to be completed in a relatively short time frame by means of the Exchange Offer. In such case, non-tendering holders of Existing Notes will continue to own their Existing Notes. If a sufficient principal amount of each Series of the Existing Notes is not tendered in the Exchange Offer, but there is sufficient support from holders of Existing Notes such that the Scheme seems likely to be successful, the Company may seek to complete the Scheme to effect a Restructuring of the Existing Notes of both Series on terms similar to the Exchange Offer. This course of action will take longer to complete but will affect the holdings of all holders of Existing Notes, not just those who tender their Existing Notes and vote in favor of the Scheme.

Q: What are my principal rights and obligations under the Restructuring Support Agreement?

A: Under the terms of the Restructuring Support Agreement, a holder of the Existing Notes undertakes, among other things, to support the Scheme including: prepare, review, negotiate and finalize the Scheme Documents, take all such actions as are necessary to attend and validly vote in favor of the Scheme, provide reasonable support and assistance to the Existing Notes Issuer to prevent the occurrence of any insolvency proceeding, and not transfer its Existing Notes except as set out in the Restructuring Support Agreement. A holder of the Existing Notes who accedes to the Restructuring Support Agreement prior to the Instruction Fee Deadline, votes all its Existing Notes then held in favor of the Scheme Meeting, and has not exercised its rights to terminate or breached any provision of the Restructuring Support Agreement will be entitled to receive an Instruction Fee (subject to the terms of the Restructuring Support Agreement). See Clause 5 of the Restructuring Support Agreement set forth in Appendix A to this exchange offer memorandum for further details, including eligibility requirements for receiving the Instruction Fee.

Q: If the Exchange Offer is not completed, how long will I continue to have obligations under the Restructuring Support Agreement?

A: If the Exchange Offer is not completed, Eligible Holders who have signed or acceded to the Restructuring Support Agreement will continue to have obligations under the Restructuring Support Agreement until the Restructuring Support Agreement is terminated in accordance with its terms. Subject to the terms of the Restructuring Support Agreement, the Restructuring Support Agreement and the rights and obligations created thereunder will

terminate automatically and immediately on the earlier of (i) the Scheme not being finally approved by the requisite majorities (provided that any Scheme Meeting may be postponed or adjourned to a subsequent date in order to obtain the requisite approval), (ii) the Court not granting a sanction order in respect of the Scheme and (iii) the Longstop Date of January 17, 2024 or such later date and time as the Company may elect to extend to. The Restructuring Support Agreement may also be terminated in certain instances as set out in the Restructuring Support Agreement, at the election of Consenting Creditors who hold at least 75% of the outstanding principal amount of the Existing Notes held in aggregate by the Consenting Creditors at that time. The Company may also terminate the Restructuring Support Agreement in its sole discretion as set out below. See the Restructuring Support Agreement set forth in Appendix A to this exchange offer memorandum for further details.

Q: Under what circumstances can the Company decide to cancel both the Exchange Offer and the Scheme?

A: We expressly reserve the right, at our absolute discretion, to terminate the Exchange Offer at any time if the conditions to the Exchange Offer are not met prior to the Settlement Date. In the event that the Exchange Offer is terminated, withdrawn or otherwise not consummated prior to the Settlement Date, no consideration will be paid or become payable and no New Notes will be issued or become issuable to Eligible Holders who have validly tendered their Existing Notes pursuant to the Exchange Offer. In any such event, the Existing Notes previously tendered pursuant to the Exchange Offer will be promptly returned to the tendering Eligible Holders.

We may also at our sole discretion choose to terminate the Restructuring Support Agreement and the rights and obligations created thereunder if we make a reasonable, good faith determination that there is no reasonable prospect of successfully completing the Scheme prior to the Longstop Date of January 17, 2024 or such later date and time as we may elect to extend to.

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

A: Our obligation to complete the Exchange Offer is conditioned upon, among other things, the following: (i) not less than the Minimum Acceptance Amount of each Series of the Existing Notes shall have been validly tendered and not validly withdrawn prior to the Expiration Deadline; (ii) there being no material adverse change in the market from the date of this exchange offer memorandum to the Settlement Date; (iii) an affirmative determination by us that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are in our best interests; and (iv) the satisfaction of the other conditions described in “Description of the Exchange Offer — Conditions to the Exchange Offer.”

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

Although we have no present plans or arrangements to do so, we reserve the right to amend, modify or waive, at any time, the terms and conditions of the Exchange Offer, including the Minimum Acceptance Amount, subject to applicable law. We will give you notice of any amendments, modifications or waivers as and if required by applicable law, and you will be entitled to withdraw instructions you have delivered if such amendments, modifications or waivers are material.

Any tendering Eligible holder must tender its entire holding of the relevant Series of the Existing Notes for exchange. We reserve our right not to accept any partial tender of Existing Notes by any Eligible Holders. Each tendering Eligible Holder must also execute (in the case such Eligible Holder is a beneficial owner of the Existing Notes), or cause the beneficial owners on whose behalf such Eligible Holder is holding the Existing Notes to execute (in the case such Holder is not a beneficial owner for all of the Existing Notes it holds), the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof). With respect to any tendered Existing Notes, the tender by its Holder will not be considered valid unless and until the beneficial owner of such Existing Notes has also validly executed the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof) and delivered it to the Information, Exchange and Tabulation Agent.

Q: When will the Exchange Offer expire?

A: The Exchange Offer will expire at 4:00 p.m., London time on April 25, 2023, subject to our right to extend or earlier terminate that time and date at our absolute discretion.

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

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

Q: When will the Company issue the New Notes?

A: Assuming the conditions to the Exchange Offer are satisfied or waived, we anticipate that we will issue the New Notes and settle the Exchange Offer, including the delivery and payment of the Exchange Consideration, on or about April 28, 2023, unless the Exchange Offer is extended or earlier terminated.

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

A: Tenders of Existing Notes may not be withdrawn or revoked once submitted, except as otherwise described herein.

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

A: No. See “Use of Proceeds.”

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

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

If the Exchange Offer is not successfully completed, we may, in lieu of the Exchange Offer, seek to complete the Scheme to effect a Restructuring of the Existing Notes pursuant to the terms of the Restructuring Support Agreement (the form of which is set forth in Appendix A to this exchange offer memorandum), which each tendering Eligible Holder would have executed (in the case such Eligible Holder is a beneficial owner of the Existing Notes), or caused the beneficial owners on whose behalf such Eligible Holder is holding the Existing Notes to execute (in the case such Holder is not a beneficial owner for all of the Existing Notes it holds), if in our judgment there is sufficient support from holders of the Existing Notes for the Scheme.

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

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

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

If the Exchange Offer is terminated, any such Eligible Holders that validly tendered its Existing Notes in the Exchange Offer will also have agreed to be bound by and subject to the Restructuring Support Agreement, including, but not limited to, the transfer restrictions and obligations set out in therein until such time as the Restructuring Support Agreement is terminated in accordance with its terms. Accordingly, if the Exchange Offer is terminated, such restricted Existing Notes may be transferred but no transfer will be valid unless,

among other things, the transferee agrees to be bound by the terms of the Restructuring Support Agreement, validly accedes to the Restructuring Support Agreement and a transfer notice is provided to the Information, Exchange and Tabulation Agent (for the avoidance of doubt, any entitlement to the Instruction Fee will be lost by both the transferor and transferee on the occurrence of any non-compliant transfer).

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

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

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

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

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

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

Please note that an Eligible Holder of Existing Notes who wishes to participate in the Exchange Offer must (i) tender the Existing Notes it holds for exchange, and (ii) validly execute (or cause relevant beneficial owners to validly execute) the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof), each with respect to the entire holding of the relevant Series of the Existing Notes and in accordance with the terms, and subject to the conditions, of the Exchange Offer.

Eligible Holders of Existing Notes who tender their Existing Notes and execute the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof) will continue to be bound by the terms of the Restructuring Support Agreement if the Exchange Offer is terminated, unless and until the Restructuring Support Agreement is terminated.

PLEASE NOTE: THE EXCHANGE OFFER IS AVAILABLE ONLY TO HOLDERS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. TO PARTICIPATE IN THE EXCHANGE OFFER, A HOLDER OF EXISTING NOTES MUST EITHER HOLD

SUCH EXISTING NOTES THROUGH A DIRECT PARTICIPANT IN EUROCLEAR OR CLEARSTREAM OR ARRANGE FOR THE TRANSFER OF ITS EXISTING NOTES SO THAT THEY ARE HELD THROUGH SUCH A DIRECT PARTICIPANT. U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER EXISTING NOTES IN THE EXCHANGE OFFER.

Q: Will the New Notes be freely tradable?

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

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

A: If the Exchange Offer is not successfully completed, we may not be able to repay the Existing Notes upon maturity. In such case, we may, in lieu of the Exchange Offer, seek to complete the Scheme to effect a Restructuring of the Existing Notes pursuant to the terms of the Restructuring Support Agreement (the form of which is set forth in Appendix A to this exchange offer memorandum), which each tendering Eligible Holder would have executed (in the case such Eligible Holder is a beneficial owner of the Existing Notes), or caused the beneficial owners on whose behalf such Eligible Holder is holding the Existing Notes to execute (in the case such Holder is not a beneficial owner for all of the Existing Notes it holds) if in our judgment there is sufficient support from holders of the Existing Notes for the Scheme. There is no guarantee that the Scheme will be completed by any of the maturity dates of the Existing Notes, or at all.

Q: To whom should I direct any questions?

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

USE OF PROCEEDS

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

DESCRIPTION OF THE EXCHANGE OFFER

Any summary or description of the Restructuring Support Agreement hereto is qualified in its entirety by, and is subject to, the full form of the Restructuring Support Agreement set forth in Appendix A to this exchange offer memorandum. Holders are encouraged to read the full form of the Restructuring Support Agreement set forth in Appendix A to this exchange offer memorandum in detail and should not rely on the summary or description of the Restructuring Support Agreement hereto.

General

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

Purpose of the Exchange Offer

We are conducting the Exchange Offer to refinance the Existing Notes and improve our debt structure to enable us to extend our debt maturity profile, strengthen our balance sheet and improve cash flow management.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this exchange offer memorandum, we are offering to exchange at least a Minimum Acceptance Amount of each of our May 2023 Notes (ISIN: XS2485447838, Common Code: 248544783) and October 2023 Notes (ISIN: XS2386427525, Common Code: 238642752) held by Eligible Holders for the Exchange Consideration as set forth below. As of the date of this exchange offer memorandum, US\$75,000,000 in aggregate principal amount of our May 2023 Notes is outstanding and US\$303,620,000 in aggregate principal amount of our October 2023 Notes is outstanding.

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

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

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

Scheme

To facilitate the implementation of a restructuring of the Existing Notes, we may consider terminating the Exchange Offer and, in lieu of the Exchange Offer, seek to complete the Scheme to effect a Restructuring of the Existing Notes on terms similar to the Exchange Offer, as contemplated in the term sheet set forth in Appendix A to this exchange offer memorandum. To facilitate the approval of the Scheme, we are requiring, as a condition to participating in the Exchange Offer, each Eligible Holder tendering in the Exchange Offer to also execute (in the case such Eligible Holder is a beneficial owner of the Existing Notes), or cause the beneficial owners on whose behalf such Eligible Holder is holding the Existing Notes to execute (in the case such Eligible Holder is not a beneficial owner for all of the Existing Notes it holds), the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof). Holders of the Existing Notes will need to visit the RSA Accession Portal (<https://deals.is.kroll.com/younggo-rsa>) for instructions on how to execute the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof).

Any tendering Eligible Holder must tender its entire holding of the relevant Series of the Existing Notes for exchange. We reserve our right not to accept any partial tender of Existing Notes by any Eligible Holders. Each tendering Eligible Holder must also execute (in the case such Eligible Holder is a beneficial owner of the Existing Notes), or cause the beneficial owners on whose behalf such Eligible Holder is holding the Existing Notes to execute (in the case such Holder is not a beneficial owner for all of the Existing Notes it holds), the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof). With respect to any tendered Existing Notes, the tender by its Holder will not be considered valid unless and until the beneficial owner of such Existing Notes has also validly executed the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof) and delivered it to the Information, Exchange and Tabulation Agent. Eligible Holders and beneficial owners may not execute the Restructuring Support Agreement only without tendering Existing Notes. In other words, an Eligible Holder of Existing Notes who wishes to participate in the Exchange Offer must (i) tender the Existing Notes it holds for exchange, and (ii) validly execute (or cause relevant beneficial owners to validly execute) the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof), each with respect to the entire holding of the relevant Series of the Existing Notes and in accordance with the terms, and subject to the conditions, of the Exchange Offer.

Eligible Holders of Existing Notes who tender their Existing Notes and execute the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof) will continue to be bound by the terms of the Restructuring Support Agreement if the Exchange Offer is terminated, unless and until the Restructuring Support Agreement is terminated.

Exchange Consideration and the Instruction Fees

Eligible Holders of the outstanding May 2023 Notes that are validly tendered prior to the Expiration Deadline and accepted for exchange will receive for each US\$1,000 principal amount of the May 2023 Notes the Exchange Consideration consisting of US\$1,010 in aggregate principal amount of the New Notes. Eligible Holders of the outstanding October 2023 Notes that are validly tendered prior to the Expiration Deadline and accepted for exchange will receive for each US\$1,000 principal amount of the October 2023 Notes the Exchange Consideration consisting of US\$1,000 in aggregate principal amount of the New Notes. Notwithstanding the foregoing, we may consider, at our sole discretion, to pay an incentive or discretionary fee to certain Eligible Holders to encourage their participation in the Exchange Offer. We give no assurance as to whether any such fee will be paid to any Eligible Holder.

The May 2023 Notes bear interest at the rate of 12% per annum, and the October 2023 Notes bear interest at the rate of 13.85% per annum. Any accrued and unpaid interest on any Existing Notes validly tendered by Eligible Holders and accepted for exchange, up to but not including the Settlement Date, shall be paid in kind by increasing the principal amount of the New Notes to be issued to Eligible Holders by the amount of such accrued and unpaid interest on the Existing Notes.

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

We reserve the right, at our sole discretion, to accept less than the Minimum Acceptance Amount of each Series of the Existing Notes, or to accept none of such Existing Notes, for exchange pursuant to the Exchange Offer.

An Eligible Holder of Existing Notes who participates in the Exchange Offer will receive, upon the successful consummation of the Exchange Offer, the Exchange Consideration, if it (i) tenders the Existing Notes it holds for exchange, and (ii) validly executes (or cause relevant beneficial owners to validly execute) the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof), each with respect to its entire holding of the relevant Series of the Existing Notes and in accordance with the terms, and subject to the conditions, of the Exchange Offer. Where the Exchange Offer is not consummated and the Scheme is launched and consummated, subject to the terms of the Restructuring Support Agreement, a fee of 0.3% (the “Instruction Fee”) will be paid on the Restructuring Effective Date (or as soon as practicable thereafter) on Existing Notes tendered in the Exchange Offer and restricted in the Restructuring Support Agreement (such Scheme Creditor, as such term is defined in the Restructuring Support Agreement, must enter into the Restructuring Support Agreement (the “Consenting Creditor”)) on or before the Instruction Fee Deadline, unless extended in accordance with the terms of the Restructuring Support Agreement (such Existing Notes, the “Eligible Restricted Notes”).

We plan to use our own internal funds to pay Instruction Fees described above, if applicable.

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

Interest or Coupon on the New Notes

The New Notes will bear interest at 7.0% per annum. The New Notes will mature on the date falling on the last day of the 36th months after the Original Issue Date.

Eligibility for Acceptance of the Exchange Offer

Your submission of an electronic instruction to Euroclear or Clearstream, as applicable, with respect to any Existing Notes will only be valid if you certify in such electronic instruction that you are an Eligible Holder and if you provide the Information, Exchange and Tabulation Agent with an Investor Certification Letter (if applicable).

Expiration Deadline; Extensions; Amendments; Termination

For purposes of the Exchange Offer, the Expiration Deadline will be 4:00 p.m., London time, on April 25, 2023, subject to our right to extend or earlier terminate that time and date at our absolute discretion, in which case the Expiration Deadline means the latest time and date to which such time and date is extended or earlier terminated.

We reserve the right, at our absolute discretion, by giving oral or written notice to the Dealer Manager and the Information, Exchange and Tabulation Agent to:

- extend the Exchange Offer;
- terminate the Exchange Offer if a condition to our obligation to exchange Existing Notes for New Notes is not satisfied or waived prior to the Settlement Date, or if we determine that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated are not in our best interests; and
- amend or modify the Exchange Offer, or waive any condition to the Exchange Offer.

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

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

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

Acceptance of the Existing Notes

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

Settlement Date; Delivery of Consideration

The Settlement Date will occur promptly after the Expiration Deadline. We anticipate that the Settlement Date will occur on or about April 28, 2023, unless the Exchange Offer is extended.

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

Conditions to the Exchange Offer

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

Combined General Conditions

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

- (1) not less than the Minimum Acceptance Amount of each Series of the Existing Notes shall have been validly tendered and not validly withdrawn prior to the Expiration Deadline;
- (2) we have made an affirmative determination that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are in our best interests;
- (3) no action or event shall have occurred or to our knowledge, been threatened (including a default under an agreement, indenture or other instrument or obligation to which we or one of our subsidiaries is a party or by which we or one of our subsidiaries is bound), nor shall any action, proceeding, application, claim, counterclaim or investigation (whether formal or informal) be pending or have been taken, nor shall any statute, rule, regulation, judgment, order, stay, decree or injunction have been proposed, promulgated, enacted, entered, enforced or deemed to be applicable to the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer by or before any court or governmental, regulatory or administrative agency or instrumentality, domestic or foreign, authority or tribunal, or by any other person, domestic or foreign, that either:
 - (i) challenges the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer or might, directly or indirectly, prohibit, prevent, restrict or delay consummation of, or might otherwise adversely affect in any material manner, the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer; or
 - (ii) in our reasonable judgment, could materially affect our business, condition (financial or otherwise), income, operations, properties, assets, liabilities or prospects, or materially impair the contemplated benefits to us of the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer or might be material to holders of the Existing Notes in deciding whether to accept the Exchange Offer;
- (4) there shall not have occurred or be likely to occur any event affecting the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of us or our subsidiaries that, in our sole judgment, either (i) is, or is reasonably likely to be, materially adverse to our business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects, or (ii) would or might prohibit, prevent, restrict or delay consummation of the Exchange Offer;

- (5) none of the following has occurred:
- (i) any general suspension of or limitation on trading in securities on the PRC, the United States, London, Hong Kong securities or financial markets, or in the over-the-counter market (whether or not mandatory);
 - (ii) any material decrease in the trading price of the Existing Notes in the PRC, the United States, London, Hong Kong or other major securities or financial markets;
 - (iii) a material impairment in the general trading market for debt securities;
 - (iv) a declaration of a banking moratorium or any suspension of payments in respect of banks by federal or state authorities in the PRC, the United States, London or Hong Kong or other major financial markets (whether or not mandatory);
 - (v) a commencement or escalation of a war, armed hostilities, terrorist act or other national or international crisis directly or indirectly relating to the PRC, the United States, London or Hong Kong;
 - (vi) any limitation (whether or not mandatory) by any governmental, administrative or regulatory authority or agency, domestic or foreign, or other event having a reasonable likelihood, in our reasonable judgment, of affecting, the extension of credit by banks or other lending institutions in the PRC, the United States, London or Hong Kong;
 - (vii) any material disruption has occurred in securities settlement or clearance services in the PRC, the United States, London or Hong Kong;
 - (viii) any amalgamation, merger, acquisition or other business combination proposal involving us or our subsidiaries shall have been proposed, announced or made by any person or entity;
 - (ix) any material adverse change in the PRC, the United States, London or Hong Kong securities or financial markets generally;
 - (x) in the case of any of the foregoing existing at the time of the commencement of the Exchange Offer, a material acceleration or worsening thereof; and
- (6) the Existing Notes Trustee shall not have objected in any respect to, nor have taken any action that could in our reasonable judgment adversely affect the consummation of, the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer nor shall the trustee for the Existing Notes have taken any action that challenges the validity or effectiveness of the procedures used by us in making the Exchange Offer or the exchange of the Existing Notes under the Exchange Offer.

Waiver, Termination and Modification

The foregoing conditions are for our sole benefit and may be waived by us, in whole or in part, at our absolute discretion, and you will be entitled to withdraw instructions you have delivered if, from the perspective of a reasonable investor, such amendments, modifications or waivers are material. Any determination made by us concerning an event, development or circumstance described or referred to above will be conclusive and binding. Our failure at any time to exercise any of our rights will not be deemed a waiver of any other right, and each right will be deemed an ongoing right which may be asserted at any time and from time to time.

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

- terminate the Exchange Offer and return all tendered Existing Notes;
- modify, extend or otherwise amend the Exchange Offer and retain all tendered Existing Notes until the Expiration Deadline may be extended; or
- waive any unsatisfied conditions with respect to the Exchange Offer, and accept all Existing Notes tendered and delivered.

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

Upon instruction to tender the Existing Notes, which will be irrevocable, except as otherwise described herein, and subject to the terms and conditions of the Exchange Offer generally, each holder of the Existing Notes will be deemed, among other things, to:

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

In addition, by participating in the Exchange Offer, such Eligible Holder of the Existing Notes will be deemed to make the following representations, warranties and undertakings (collectively, the “Investor Representations”) in favor of the Company, the Subsidiary Guarantors, the New Notes Trustee, the Existing Notes Trustee, the New Notes Agents, the Existing Notes Agents and the Dealer Manager:

- (1) it has received and reviewed this exchange offer memorandum, including the terms of the New Notes set out herein upon the terms and subject to the conditions set forth in this exchange offer memorandum;
- (2) it bases its investment decision solely on the information contained in this exchange offer memorandum and not on any other information or representation concerning the Company which it may have received from the Company, the Dealer Manager or their respective representatives. It acknowledges that none of the Company, any of its affiliates or any other person has made any representations, express or implied, to us with respect to the Company, the Exchange Offer, the New Notes or the accuracy, completeness or adequacy of any financial or other information concerning the Company, the Exchange Offer or the New Notes. It agrees that it will not distribute, forward, transfer or otherwise transmit any presentational or other materials concerning the Exchange Offer (including electronic copies thereof) to any person (other than any Eligible Holder on behalf of which we act), and we have not distributed, forwarded, transferred or otherwise transmitted any such materials to any person (other than any Eligible Holder on behalf of which we act);
- (3) it understands that the Exchange Offer involves a high degree of risk and that the New Notes are complex products;
- (4) it is the beneficial owner (as defined below) of, or a duly authorized representative of one or more such beneficial owners of, the Existing Notes tendered thereby;
- (5) it (i) has not received or been sent copies of this exchange offer memorandum or any related documents in, into or from the United States, (ii) is not a “U.S. person” and is not located in the United States, (iii) is not an agent, fiduciary or other intermediary acting on a nondiscretionary basis for a principal who has given instructions with respect of the Exchange Offer from within the United States or from a U.S. person, (iv) has not otherwise utilized in connection with the Exchange Offer, directly or indirectly, the mails, or any means or instrumentality (including, without limitation, facsimile transmission, telex, telephone, email and other forms of electronic transmission) of interstate or foreign commerce, or of any facilities of a national securities exchange, of the United States and (v) is offering to exchange the Existing Notes from outside the United States;
- (6) it acknowledges that the Exchange Offer is subject to the restrictions set out in the section entitled “Offer and Distribution Restrictions;”

- (7) it acknowledges that the New Notes to be exchanged for the Existing Notes tendered for exchange hereby have not been registered under the Securities Act and may only be sold or otherwise transferred subject to the restrictions set out in the section entitled "Transfer Restrictions;"
- (8) the Existing Notes being tendered thereby were owned as of the date of tender, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and we will acquire good, indefeasible and unencumbered title to such Existing Notes, free and clear of all liens, charges, claims, encumbrances, interests and restrictions of any kind, when we accept the same;
- (9) it will not sell, pledge, hypothecate or otherwise encumber or transfer any Existing Notes tendered thereby and agrees that any purported sale, pledge, hypothecation or other encumbrance or transfer will be void and of no effect;
- (10) in evaluating the Exchange Offer and in making its decision whether to participate therein by tendering its Existing Notes, such holder has made its own independent evaluation of the matters referred to herein and in any related communications and is not relying on any statement, representation or warranty, express or implied, made to such holder by the Company, the Subsidiary Guarantors, the Dealer Manager, the Information, Exchange and Tabulation Agent, the Existing Notes Trustee or the Existing Notes Agents (or any person affiliated with any of them) other than those contained in this exchange offer memorandum (as amended or supplemented to the Expiration Deadline);
- (11) it (a) has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in connection herewith to the extent it has deemed necessary, (b) has had a reasonable opportunity to ask questions of and received answers from officers and representatives of the Company and the Subsidiary Guarantors concerning the financial condition and results of operations of the Group, and any such question has been answered to its satisfaction, (c) has requested from the Company and the Subsidiary Guarantors and reviewed all information that it believes is necessary or appropriate in connection with the Exchange Offer, and (d) has been and will continue to be solely responsible for making its own independent analysis of and investigations into the status, creditworthiness, prospects, business, operations, assets and condition of the Group;
- (12) it acknowledges that the information provided with regard to the Company or the Subsidiary Guarantors and the New Notes has been prepared and supplied by the Company and the Subsidiary Guarantors, and that no other party has verified such information or makes any representation or warranty as to its accuracy or completeness;
- (13) it is a sophisticated institutional investor and has such knowledge and experience in financial, business and international investment matters, and in particular in purchasing debt securities issued by PRC property companies, that, and it is capable of evaluating the merits and risks of the Exchange Offer, and it is aware that it may be

required to bear, and is able to bear, the economic risk of an investment in the New Notes, including the possibility that it may lose all or a substantial portion of its investment;

- (14) it represents and acknowledges that (a) the Dealer Manager, the Existing Notes Trustee and their respective affiliates have not made any recommendation of the Exchange Offer, the Restructuring Support Agreement or the Scheme; (b) none of the Dealer Manager, the Existing Notes Trustee and their respective affiliates has been requested to or has provided with any information or advice with respect to the Exchange Offer or the New Notes nor is such information or advice necessary or desired; (c) none of the Dealer Manager and its affiliates have made or makes any representation as to the Company, the Exchange Offer or the credit quality of the New Notes; (d) the Dealer Manager, the Existing Notes Trustee and their respective affiliates may have acquired, or during the term of the Exchange Offer and/or the New Notes may acquire, non-public information with respect to the Company, which we agree need not be provided to us; and (e) in connection with the Exchange Offer and the issuance of the New Notes, none of the Dealer Manager, the Existing Notes Trustee and their respective affiliates have acted as its financial advisor or fiduciary;
- (15) if it is acting as a fiduciary or agent for one or more investor accounts, (a) it has investment discretion with respect to each such account and (b) it has full power and authority to make the representations, warranties, agreements and acknowledgements in this letter on behalf of each such account;
- (16) the Exchange Offer is lawful under the securities laws of the jurisdiction in which it accept the exchange for the New Notes;
- (17) it is not a nominee company (unless the name of the ultimate beneficiary has been disclosed);
- (18) the terms and provisions of this letter shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns, and the terms and provisions hereof shall be binding on our permitted successors in title, permitted assigns and permitted transferees. It confirms that, to the extent it is acting for the account of one or more persons, these provisions constitute legal, valid and binding obligations and any other persons for whose account it is acting;
- (19) the delivery of an electronic instruction to the relevant Clearing System shall constitute an undertaking to execute any further documents and give any further assurances that may be required in connection with the Exchange Offer, in each case on and subject to the terms and conditions set out or referred to in this exchange offer memorandum;
- (20) the delivery of an electronic instruction to the relevant Clearing System shall constitute (subject to the terms and conditions of the Exchange Offer generally) the appointment of the Information, Exchange and Tabulation Agent as its attorney and agent, and an instruction to such attorney and agent (such appointment and instruction

to be irrevocable) to complete and execute all or any form(s) of transfer and other document(s) at the discretion of such attorney and agent in relation to the Existing Notes tendered thereby in favor of the Company or such other person or persons as the Company may direct and to deliver such form(s) of transfer and other document(s) in the attorney's and agent's discretion and/or the certificate(s) and other documents of title relating to such Existing Notes' registration and to execute all such other documents and to do all such other acts and things as may be in the opinion of such attorney or agent necessary or expedient for the purpose of, or in connection with, the acceptance of the Exchange Offer, and to vest in the Company or its nominees such Existing Notes;

- (21) the terms and conditions of the Exchange Offer shall be deemed to be incorporated in, and form a part of, the electronic instruction, which shall be read and construed accordingly;
- (22) by delivering an electronic instruction with respect to its Existing Notes through Euroclear or Clearstream, it consents to the disclosure by Euroclear or Clearstream of certain details concerning the direct participant's identity, the beneficial holder name, email address and telephone number, the aggregate principal amount of such Existing Notes and their account details to the Information, Exchange and Tabulation Agent;
- (23) it has not distributed or forwarded this exchange offer memorandum, or any part thereof, or any other documents or materials relating to the Exchange Offer to any person, and it has complied with all laws and regulations applicable to it for the purpose of its participation in the Exchange Offer;
- (24) it is not (i) a person that is, or is owned or controlled by a person that is, identified as a "specially designated national" or "blocked person" in the most current U.S. Treasury Department list of "Specially Designated National and Blocked Persons" or included in the U.S. Treasury Department's Sectoral Sanctions Identifications List (which can be found at: <https://sanctionssearch.ofac.treas.gov/>), or in the European Union and UK Consolidated Lists of financial sanctions, or in the EU/UK list of persons subject to restrictive measures in view of Russia's actions destabilizing the situation in Ukraine; or (ii) a person that is organized, resident or located in a country or territory subject to comprehensive/country-wide economic sanctions; (iii) a person that is otherwise the subject of, or in violation of, any sanctions under (x) the laws and regulations that have been officially published and are administered or enforced by the U.S. Government (including, without limitation, the Office of Foreign Assets Control of the U.S. Treasury Department or the U.S. Department of State), or any enabling legislation or executive order relating thereto; or (y) any equivalent sanctions or measures officially published and imposed by the European Union, any member state of the European Union, His Majesty's Treasury, the United Nations or any other relevant sanctions authority, including sanctions imposed against certain states, organizations and individuals under the European Union's Common Foreign & Security Policy; or (iv) acting for or on behalf of any of the foregoing parties (a "Sanctions Restricted Person");

- (25) it understands that the foregoing representations, warranties, agreements, undertakings, confirmations and acknowledgements are required in connection with United States and other securities laws and that it and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements, undertakings, confirmations and acknowledgements;
- (26) it empowers, authorizes, and requests the Existing Notes Trustee to do all such other things as may be necessary or expedient to carry out and give effect to this Exchange Offer and the Proposed Amendments;
- (27) it does remise, release and forever discharge each of the Existing Notes Trustee and its employees, officers, directors, affiliates, agents, predecessors and successors, of and from any and all manner of actions, causes of actions, suits, debts, dues, accounts, bonds, covenants, contracts, agreements, judgments, claims and demands whatsoever such that thereafter it shall have no contractual or other rights in law or in equity arising from and relating to any transactions contemplated in connection with this exchange offer memorandum; and
- (28) each of the Existing Notes Trustee, the Existing Notes Agents and the Information, Exchange and Tabulation Agent will not be held responsible for any liabilities or consequences arising as a result of acts taken by it or pursuant to the terms of this Exchange Offer.

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

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

Procedures for Tendering Existing Notes

General

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

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

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

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

Valid Tender of the Existing Notes

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

In addition, each tendering Eligible Holder must also execute (in the case such Eligible Holder is a beneficial owner of the Existing Notes), or cause the beneficial owners on whose behalf such Eligible Holder is holding the Existing Notes to execute (in the case such Holder is not a beneficial owner for all of the Existing Notes it holds), the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof). With respect to any tendered Existing Notes, the tender by its Holder will not be considered valid unless and until the beneficial owner of such Existing Notes has also validly executed the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof) and delivered it to the Information, Exchange and Tabulation Agent. Eligible Holders and beneficial owners may not execute the Restructuring Support Agreement only without tendering Existing Notes. In other words, an Eligible Holder of Existing Notes who wishes to participate in the Exchange Offer must (i) tender the Existing Notes it holds for exchange, and (ii) validly execute (or cause relevant beneficial owners to validly execute) the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof), each with respect to the entire holding of the relevant Series of the Existing Notes and in accordance with the terms, and subject to the conditions, of the Exchange Offer.

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

- that you wish to receive the New Notes under the terms of the Exchange Offer;
- that you are a person located outside the United States and not a U.S. person (within the meaning of Regulation S under the Securities Act);
- the accuracy of your name and securities account number at the relevant Clearing System in which you hold the Existing Notes and to which the New Notes are to be credited;
- you have authorized the relevant Clearing System to block your position in the Existing Notes until the Settlement Date or termination or withdrawal of the Exchange Offer;
- the accuracy of the cash account number at the relevant Clearing System to which the cash portion of the Exchange Consideration should be credited; and
- that you consent to the disclosure by Euroclear or Clearstream of certain details concerning your identity, the beneficial holder name, email address and telephone number, the aggregate principal amount of such Existing Notes and the account details to the Information, Exchange and Tabulation Agent.

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

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

- you have received, reviewed and accepted the terms of this exchange offer memorandum, the terms of the New Notes and the “Transfer Restrictions;”
- you currently hold the Existing Notes at the time of submission of an electronic instruction, and will continue to hold the Existing Notes, until the time of settlement on the Settlement Date or the termination of the Exchange Offer;
- you have blocked the Existing Notes (and they will remain blocked) in the securities account to which such Existing Notes are credited in the relevant Clearing System with effect from, and including, the date on which the relevant Clearing System

receives the electronic instruction until the time of settlement on the Settlement Date or termination of the Exchange Offer, all in accordance with the normal procedures of the relevant Clearing System and after taking into account the deadlines imposed by the relevant Clearing System;

- you will transfer the Existing Notes which are the subject of the electronic instruction, on the Settlement Date, with full title, free and clear of any liens, charges, claims, encumbrances, interests and restrictions of any kind, and we will acquire good, indefeasible and unencumbered title to such Existing Notes, free and clear of all liens charges, claims, encumbrances, interests and restrictions of any kind, when we accept the same; and
- (i) you are the beneficial owner of, or are a duly authorized representative of one or more such beneficial owners of, the Existing Notes and you are not a U.S. person and are not located in the United States of America at the time you submitted the electronic instruction and (ii) if you are acting in a fiduciary, agency or other capacity as an intermediary, then either (x) you have full investment discretion with respect to the Existing Notes covered by the electronic instruction or (y) the person on whose behalf you are acting is a non-U.S. person located outside the United States of America at the time he or she instructed you to accept the Exchange Offer.

Any Eligible Holder that gives Instructions on behalf of a beneficial holder must (i) disclose the name of the beneficial holder, their email address and telephone number, and (ii) give separate Instructions with respect to each such beneficial holder. If you are unable to give any of the representations and warranties described above, please contact the Dealer Manager. Do not send Existing Notes or electronic instructions to the Dealer Manager, the Company or the Information, Exchange and Tabulation Agent.

Procedures for Participating in the Exchange Offer

To tender Existing Notes pursuant to the Exchange Offer, a beneficial owner should deliver, or arrange to have delivered on its behalf, via Euroclear or Clearstream, as applicable, and in accordance with the requirements of Euroclear or Clearstream, as applicable, a valid exchange instruction (which must include the Scheme Creditor as the same name indicated in the Form of Restructuring Support Agreement) that is received by the Information, Exchange and Tabulation Agent by the Expiration Deadline. Exchange instructions must be submitted in respect of no less than a minimum nominal amount of Existing Notes (being US\$200,000), and may thereafter be submitted in integral multiples of US\$1,000. Any tendering Eligible Holder must tender its entire holding of the relevant Series of the Existing Notes for exchange. We reserve our right not to accept any partial tender of Existing Notes by any Eligible Holders.

Eligible Holders are responsible for ensuring that their instructions will result in the New Notes they are entitled to receive being at least equal to the minimum principal amount of US\$150,000. Instructions that would result in a principal amount of New Notes below US\$150,000 will be rejected.

Subject to the terms of this exchange offer memorandum, an Eligible Holder who submits its instruction(s) in respect of the Exchange Offer only without executing the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof) is not entitled to any Exchange Consideration.

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

Exchange Instructions

Only direct participants of Euroclear and Clearstream may submit exchange instructions via Euroclear or Clearstream. Each beneficial owner of Existing Notes that is not a direct participant must arrange for the direct participant through which such beneficial owner holds its Existing Notes to submit a valid exchange instruction (which must include the name of the Consenting Creditor and must match the name of the Consenting Creditor indicated in the Form of Restructuring Support Agreement) on its behalf to Euroclear or Clearstream, as applicable, before the deadlines specified by Euroclear or Clearstream, as applicable.

Euroclear and Clearstream Participants

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

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

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

Determination of Validity

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

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

A separate Instruction (which must include the name of the Consenting Creditor and must match the name of the Consenting Creditor indicated in the Form of Restructuring Support Agreement) needs to be submitted per each beneficial owner of the Existing Notes held through Euroclear and Clearstream.

No Participation by the Company

The Company does not hold any Existing Notes and will not submit any electronic instructions.

No Guaranteed Delivery

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

Procedures for Executing and Delivering the Restructuring Support Agreement

The Restructuring Support Agreement in the form set forth in Appendix A to this exchange offer memorandum will be made available to Eligible Holders of the Existing Notes on the RSA Accession Portal.

The beneficial owner of each Eligible Holder would need to visit the RSA Accession Portal (<https://deals.is.kroll.com/youngo-rsa>) for instructions on how to execute the Restructuring Support Agreement (or an accession to the Restructuring Support Agreement pursuant to the terms thereof) and for tenders of Existing Notes by such Eligible Holder to be considered valid.

When submitting their exchange instruction, each beneficial owner must also include the name of the Consenting Creditor and must match the name of the Consenting Creditor indicated in the Form of Restructuring Support Agreement to allow the Information, Exchange and Tabulation Agent to reconcile its instruction with the Restructuring Support Agreement executed by such beneficial owner. Beneficial owners must quote the electronic instruction reference number obtained from the Clearing Systems on the Restructuring Support Agreement when executing and delivering the same to the Information, Exchange and Tabulation Agent.

The Existing Notes Trustee

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

Information, Exchange and Tabulation Agent

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

Dealer Manager

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

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

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

Announcements

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

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

Other Fees and Expenses

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

Transfer Taxes

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

- certificates representing the Existing Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of the Existing Notes tendered;
- tendered Existing Notes are registered in the name of any person other than the person signing; or
- a transfer tax is imposed for any reason other than the exchange of the Existing Notes under the Exchange Offer.

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

SELECTED CONSOLIDATED FINANCIAL DATA

The summary consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2019, 2020 and 2021 and the summary consolidated statements of financial position as of December 31, 2019, 2020 and 2021 below have been derived from our audited consolidated financial statements included elsewhere in this exchange offer memorandum. The summary consolidated statements of profit or loss and other comprehensive income for the six months ended June 30, 2021 and 2022 and the summary consolidated statement of financial position as of June 30, 2022 below have been derived from our unaudited condensed consolidated financial statements included elsewhere in this exchange offer memorandum. Results for interim periods are not indicative of results for the full year. Historical results are not necessarily indicative of results that may be achieved in any future period. Our consolidated financial statements have been prepared and presented in accordance with IFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions.

Selected Consolidated Statements of Profit or Loss and Other Financial Data

	For the year ended December 31,				For the six months ended June 30,		
	2019	2020	2021		2021	2022	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)	(RMB'000)	(RMB'000)	(US\$'000)
Revenue	1,583,308	3,737,158	5,570,884	831,711	2,604,255	1,321,716	197,327
Cost of sales	(1,010,428)	(2,450,425)	(4,835,630)	(721,941)	(2,030,915)	(1,473,220)	(219,946)
Gross profit	572,880	1,286,733	735,254	109,771	573,340	(151,504)	(22,619)
Other income	203,689	47,187	(165,755)	(24,747)	70,249	2,155	322
Selling and distribution expenses	(116,374)	(115,423)	(167,845)	(25,059)	(71,984)	(97,874)	(14,612)
Administrative and other operating expenses	(520,524)	(398,640)	(501,657)	(74,895)	(152,407)	(153,507)	(22,918)
Impairment loss on financial assets measured at amortisation cost	(21,258)	(28,109)	(12,073)	(1,802)	(10,203)	(46,732)	(6,977)
Profit from operations before fair value change on investment properties	118,413	791,748	(112,076)	(16,733)	408,995	(447,462)	(66,804)
Fair value gain/(loss) on investment properties	(77,454)	172,315	(9,700)	(1,448)	10,497	(165,857)	(24,762)
Profit from operations after fair value change on investment properties	40,959	964,063	(121,776)	(18,181)	419,492	(613,319)	(91,566)
Share of loss of an associate	(1,253)	-	-	-	-	-	-
Share of profits less losses of joint ventures	(3,507)	(241)	(152)	(23)	319	(1,020)	(152)
Finance income	47,781	38,849	63,233	9,440	19,382	16,194	2,418
Finance costs	(228,341)	(276,788)	(296,974)	(44,337)	(173,289)	(300,577)	(44,875)
Profit/(loss) before taxation	(144,361)	725,883	(355,669)	(53,100)	265,904	(898,722)	(134,176)
Income tax	(132,924)	(369,610)	(89,441)	(13,353)	(104,820)	24,620	3,676
Profit/(loss) for the year/period	(277,285)	356,273	(445,110)	(66,453)	161,084	(874,102)	(130,500)

Selected Consolidated Statements of Financial Position

	As of December 31,				As of June 30,	
	2019	2020	2021		2022	
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(US\$'000)</i>	<i>(RMB'000)</i>	<i>(US\$'000)</i>
ASSETS						
Non-current assets						
Property, plant and equipment	422,442	397,280	402,734	60,127	387,746	57,889
Investment properties	2,584,100	3,144,270	2,750,900	410,699	2,585,043	385,937
Intangible assets	16,497	16,098	15,882	2,371	14,008	2,091
Goodwill	2,252	2,252	2,252	336	2,252	336
Interest in an associate	–	–	–	–	–	–
Interest in joint ventures	134,783	131,583	213,213	31,832	218,916	32,683
Other non-current assets	404,818	337,888	65,376	9,760	4,207	628
Deferred tax assets	169,345	215,325	193,616	28,906	169,165	25,256
Finance lease receivables	15,692	8,210	6,410	957	5,810	867
	<u>3,749,929</u>	<u>4,252,906</u>	<u>3,650,383</u>	<u>544,988</u>	<u>3,392,820</u>	<u>506,535</u>
Current assets						
Inventories and other contract costs	7,383,731	9,369,347	13,892,948	2,074,163	12,940,639	1,931,987
Prepaid tax	165,086	144,949	294,074	43,904	317,037	47,332
Other financial assets	11,140	9,000	10	1	710	106
Trade and other receivables	1,361,689	2,849,403	3,898,719	582,063	3,713,077	554,348
Pledged and restricted cash	606,043	568,161	763,517	113,990	1,229,052	183,493
Cash and cash equivalents	1,571,204	1,783,235	1,373,314	205,030	687,485	102,639
	<u>11,098,893</u>	<u>14,724,095</u>	<u>20,222,582</u>	<u>3,019,152</u>	<u>18,888,000</u>	<u>2,819,904</u>
TOTAL ASSETS	<u>14,848,822</u>	<u>18,977,001</u>	<u>23,872,965</u>	<u>3,564,140</u>	<u>22,280,820</u>	<u>3,326,439</u>
EQUITY						
Capital and reserves						
Share capital	31,825	36,598	36,598	5,464	36,598	5,464
Reserves	4,900,927	5,555,799	5,051,474	754,165	4,253,581	635,043
Total equity attributable to equity shareholders of the Company	4,932,752	5,592,397	5,088,072	759,629	4,290,179	640,507
Non-controlling interests	16,255	265,967	569,055	84,958	181,259	27,061
TOTAL EQUITY	<u>4,949,007</u>	<u>5,858,364</u>	<u>5,657,127</u>	<u>844,587</u>	<u>4,471,438</u>	<u>667,568</u>

	As of December 31,				As of June 30,	
	2019	2020	2021		2022	
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)	(RMB'000)	(US\$'000)
LIABILITIES						
Non-current liabilities						
Bank loans and other borrowings ·	728,221	829,230	2,739,692	409,025	3,935,795	587,599
Lease liabilities ······	33,112	29,546	27,322	4,079	24,405	3,644
Senior notes ······	1,338,799	–	–	–	–	–
Deferred income ······	–	–	–	–	–	–
Deferred tax liabilities ······	108,924	194,636	132,988	19,855	91,524	13,664
Other financial liabilities ······	70,838	78,333	947,719	141,491	768,009	114,661
	<u>2,279,894</u>	<u>1,131,745</u>	<u>5,725,569</u>	<u>854,805</u>	<u>6,789,828</u>	<u>1,013,695</u>
Current liabilities						
Trade and other payables ······	2,367,860	5,450,950	4,920,415	734,599	1,490,355	222,504
Contract liabilities ······	2,989,327	1,971,295	3,902,358	582,607	4,200,228	627,078
Bank loans and other borrowings ·	505,462	481,029	531,631	79,370	646,362	96,499
Lease liabilities ······	8,972	10,562	8,473	1,265	8,125	1,213
Senior notes ······	314,220	1,820,524	2,346,462	350,318	2,461,729	367,526
Corporate bonds ······	259,700	–	–	–	–	–
Current tax liabilities ······	695,220	736,413	795,484	118,763	689,252	102,903
Deferred income ······	479,160	349,119	259,268	38,708	212,841	31,776
Amounts due to controlling shareholders ······	–	867,000	1,027,468	153,397	221,960	33,138
Other current liabilities ······	–	300,000	576,558	86,078	1,088,702	162,539
	<u>7,619,921</u>	<u>11,986,892</u>	<u>12,490,269</u>	<u>1,864,748</u>	<u>11,019,554</u>	<u>1,645,176</u>
TOTAL LIABILITIES ······	<u>9,899,815</u>	<u>13,118,637</u>	<u>18,215,838</u>	<u>2,719,553</u>	<u>17,809,382</u>	<u>2,658,871</u>
TOTAL EQUITY AND						
LIABILITIES ······	<u>14,848,822</u>	<u>18,977,001</u>	<u>23,872,965</u>	<u>3,564,140</u>	<u>20,271,111</u>	<u>3,026,397</u>
NET CURRENT ASSETS ······	3,478,972	2,737,203	7,732,313	1,154,404	7,868,446	1,174,728
TOTAL ASSETS LESS						
CURRENT LIABILITIES ····	<u>7,228,901</u>	<u>6,990,109</u>	<u>23,872,965</u>	<u>3,564,140</u>	<u>9,251,557</u>	<u>1,381,221</u>

BUSINESS

Overview

Historically we focused our business on the development and operation of trade centers in second- and third-tier cities in China. In 2019, we carried out a major restructuring by bringing in new strategic shareholders to assist us with our development and industrial upgrade. In 2020, we repositioned ourselves from a developer and operator of trade centers in China to a new ecological industrial city service provider.

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

Due to various unfavorable macroeconomic and financial factors and multiple waves of COVID-19 pandemics in the first half of 2022, the real estate market in China was adversely affected and the confidence of real estate buyers was seriously weakened, resulting in declines in both sales and selling prices of properties. Our business development had also slowed down. As a result, our contracted sales in the first half of 2022 decreased by approximately 64.0% as compared to the first half of 2021. Among our sales in the first half of 2022, approximately 76.1% came from residential properties and the remaining 23.9% came from commercial and other properties. As at 30 June 2022, our total land bank with land use rights was approximately 9.0 million sq.m.

In 2019, 2020, 2021 and the six months ended June 30, 2022, our revenue amounted to RMB1,583.3 million, RMB3,737.2 million, RMB5,570.9 million and RMB1,321.7 million, respectively.

Recent Development

Suspension of trading due to delay in publication of annual results

Due to (i) the widespread COVID-19 pandemic in the PRC before the Chinese New Year; and (ii) certain material bank confirmations having not yet been received by our auditor, the auditing progress of our annual results have been severely affected and additional time is required to finalize our audited accounts. As a result, we were unable to publish our annual results for 2022 before March 31, 2023 as required by Rule 13.49(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and the trading in our securities were suspended on April 3, 2023 until the publication of our annual results for 2022.

Resignation of independent non-executive Director and non-executive Director

Mr. Dai Yiyi and Mr. Feng Ke have resigned as our independent non-executive Director and non-executive Director with effect from April 7, 2023 and March 1, 2023, respectively, due to personal reasons. Both Mr. Dai and Mr. Feng have confirmed that they have no disagreement with the Board.

Share consolidation

Effective on September 27, 2022, every ten issued and unissued ordinary shares of HK\$0.01 each in our existing share capital were consolidated into one ordinary share of HK\$0.1 each (each a “Consolidated Share”) in our share capital (the “Share Consolidation”). The Consolidated Shares rank *pari passu* in all respects with each other, and continue to be traded in board lot size of 2,000 Consolidated Shares.

The implementation of the Share Consolidation had no effect on our consolidated net asset value, nor did it alter our underlying assets, business operations, management or financial position or the proportionate interests or rights of our shareholders, save that any fractional Consolidated Shares will not be allocated to shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation. The Board believed that the Share Consolidation would not have any material adverse effect on our financial position and that there were no reasonable grounds for believing that we would be unable to pay our liabilities as they become due after the Share Consolidation.

Change of auditor

As we and KPMG could not reach a consensus on the proposed fees in relation to the audit of our annual results for 2022, KPMG resigned as our auditor on August 1, 2022. On August 3, 2022, we appointed Reanda Lau & Au Yeung (HK) CPA Limited as our new auditor to fill the vacancy following KPMG’s resignation.

Our Projects

As of June 30, 2022, we had a total land bank of approximately 9.0 million sq.m., and the land bank for residential usage accounting for approximately 48.0%. The increased proportion of land bank for residential usage was in line with our new business strategy. Each project includes various forms of constituent buildings that are subject to separate certificate, permit and approval requirements relating to project development. Each project may be divided into multiple phases and each phase may include different forms of constituent buildings based on our overall development plan.

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

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

The following table sets forth a summary for our land bank of (i) completed but undelivered projects, (ii) projects under development and (iii) projects planned for future development, with land grant contracts or land-use rights certificates, as of June 30, 2022. Unless otherwise indicated, the categorization of our development projects as well as information presented with respect to such projects in this exchange offer memorandum are based on the development progress made as of June 30, 2022.

Project	Undelivered saleable GFA of completed projects <i>(sq.m.)</i>	GFA of projects under development <i>(sq.m.)</i>	GFA of projects planned for future development <i>(sq.m.)</i>	Total land bank <i>(sq.m.)</i>
Ganzhou Project	286,872	180,626	1,870,534	2,338,033
Lanzhou Project	118,704	174,423	1,867,967	2,161,094
Wuzhou Project	100,757	338,579	192,442	631,778
Lanzhou Sunac	289,513	250,494	–	540,007
Xingning Project	26,538	306,343	150,186	483,067
Jiamusi Project	6,344	–	447,888	454,232
Jining Project	122,072	147,249	99,900	369,221
Heze Project	75,840	21,178	196,379	293,396
Nanning Project	–	271,937	–	271,937
Lufeng Project	–	–	235,421	235,421
Yulin Project	75,217	–	152,398	227,615
Jiande Project	–	215,871	–	215,871
Jining Sunac	38,294	96,058	–	134,352
Pingshan Project	–	131,225	–	131,225
Dajiang Project	–	123,557	–	123,557
Mianyang Project	24,365	66,290	–	90,655
Humen Project	–	82,880	–	82,880
Dahu Project	–	73,633	–	73,633
Huahai Project	–	71,185	–	71,185
Liuzhou Project	6,290	42,602	–	48,892
Yantai Project	45,872	–	–	45,872
Total	1,216,679	2,594,130	5,213,115	9,023,924

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

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

- *Site area information:*

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

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

- *Total GFA information:*

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

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

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

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

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

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

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

Our Development Process

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



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

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

Property Management

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

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

Other Services

Our other services primarily include the leasing of investment properties and other properties. As our projects currently under development enter into later phases, typically three to five years after the commencement of development, we plan to retain a proportion of commercial properties as investment properties for long-term recurring income and capital appreciation. These properties may include units of wholesale trading markets, shopping malls, office buildings and exhibition and conference centers for leasing as well as serviced apartments and hotels that we may retain for investment purposes. As of June 30, 2022 we had an aggregate of 0.4 million sq.m. of properties designated as investment property. In 2019, 2020, 2021 and the six months ended June 30, 2021 and 2022, we derived certain amounts of revenue from rental income, which amounted to RMB56.2 million, RMB41.0 million, RMB50.2 million, RMB23.8 million and RMB14.8 million, respectively.

In addition, we developed new commodity trade business in 2021, and generated revenue of approximately RMB1,009.0 million for the six months ended June 30, 2022. We expected to implement the centralized procurement and supply chain business for the our property development through this platform.

Environmental and Safety Matters

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

environmental assessment process and fully cooperate with accredited environmental assessment organizations.

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

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

To our knowledge, there has been no material non-compliance with the environmental and safety laws and regulations by us from 2019 to June 30, 2022. During the same period, we did not have any material environmental or safety accidents at our development projects. As of June 30, 2022, we were not aware of any material claim for personal or property damage in relation to environmental or safety accidents.

Legal Proceedings

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

REGULATION

Summary of Principal PRC Legal and Regulatory Provisions

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

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

Establishment of a Real Estate Development Enterprise

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

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

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

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

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

Under the Catalog of Guidance on Industries for Foreign Investment (the “Catalog of Guidance”) (外商投資產業指導目錄) promulgated by MOFCOM and National Development and Reform Commission of the PRC (“NDRC”) on March 10, 2015, the construction of villa falls within the category of industries in which foreign investment is prohibited and other real estate development falls within the category of industries in which foreign investment is permitted. The Catalog of Guidance on Industries for Foreign Investment was amended on June 28, 2017 and was effective on July 28, 2017, according to which the construction of villa is removed from the category of industries in which foreign investment is prohibited and real estate development falls within the category of industries in which foreign investment is permitted. The real estate development does not fall within the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2018) (外商投資准入特別管理措施(負面清單) (2018年版)) jointly promulgated by MOFCOM and NDRC on June 28, 2018 and effective on July 28, 2018. On June 30, 2019, MOFCOM and the NDRC jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2019) (《外商投資准入特別管理措施(負面清單) (2019年版)》) which replaced the Special Administrative Measures (Negative List) for Foreign Investment Access (2018 Version) effective from July 30, 2019. On June 23, 2020, MOFCOM and NDRC jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2020) (《外商投資准入特別管理措施(負面清單) (2020年版)》) which replaced the Special Administrative Measures for Foreign Investment Access (Negative List) (Edition 2019) from July 23, 2020. On December 27, 2021, MOFCOM and NDRC jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2021) (外商投資准入特別管理措施(負面清單) (2021年版)) which replaced the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2020) from January 1, 2022.

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

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

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

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

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

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

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

On August 19, 2015, the Ministry of Housing and Urban-Rural Development, MOFCOM, NDRC, PBOC, SAIC and SAFE promulgated the Notice on Adjusting the Policies Concerning the Entry and Administration of Foreign Investment in the Real Estate Market (關於調整房地產市場外資准入和管理有關政策的通知), to adjust certain policies in 171 document, including:

- The ratio of registered capital to total investment of foreign-invested real estate enterprises should be governed by the relevant provisions of the Interim Provisions of the State Administration for Industry and Commerce on the Ratio of the Registered Capital to the Total Investment of a Sino-foreign Equity Joint Venture Enterprise (國家工商行政管理局關於中外合資經營企業註冊資本與投資總額比例的暫行規定);
- The requirement on full payment of registered capital of the foreign-invested real estate enterprises before applying for onshore or offshore loans or foreign exchange settlement for foreign debt is cancelled;
- The foreign-invested real estate enterprises may process relevant foreign exchange registration for foreign direct investment directly with the banks.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Qualifications of a Real Estate Developer

Under the Provisions on Administration of Qualifications of Real Estate Developers (the “Provisions on Administration of Qualifications”) (房地產開發企業資質管理規定) promulgated by the Ministry of Construction on March 29, 2000 and last amended on March 2, 2022 by MOHURD, a real estate developer must apply for registration of its qualifications according to such Provisions on Administration of Qualifications. An enterprise may not engage in property development without a qualification classification certificate for real estate development. MOHURD oversees the qualifications of real estate developers with national operations, and local real estate development authorities at or above the county level oversee the qualifications of local real estate developers. In accordance with the Provisions on Administration of Qualifications, real estate developers are classified into two classes.

- Class 1 qualifications are subject to preliminary examination by the housing and urban-rural development authorities at the provincial level and final approval of MOHURD. A class 1 real estate developer is not restricted as to the scale of its real estate projects.
- Class 2 qualifications are subject to approval of the housing and urban-rural development authorities at the provincial level or the real estate development authorities at the municipal level of cities divided into districts. A real estate developer of class 2 may undertake a project with a GFA of less than 250,000 sq.m.

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

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

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

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

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

Development of a Real Estate Project

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

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

Under the Interim Regulation Concerning the Grant and Assignment of the Right to Use State-owned Urban Land (the “Interim Regulation on Grant and Assignment”) (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) promulgated by the State Council on May 19, 1990 and amended on November 29, 2020, China adopted a system to grant and assign the right to use state-owned land. A land user must pay a land premium to the state as consideration for the grant of the right to use a land site within a specified period of time, and the land user may assign, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Urban Real Estate Law and the Interim Regulation on Grant and Assignment, the land administration authority at the city or county level may enter into a land grant contract with the land user to provide for the grant of land use rights. The land user must pay the land premium as provided by the land grant contract. After payment in full of the land premium, the land user may register with the land administration authority and obtain a land-use rights certificate which evidences the acquisition of land use rights. The Urban Real Estate Law and the Development Regulation provide that land use rights for a site intended for real estate development must be obtained through grant except for land use rights which may be obtained through premium-free allocation by the PRC government pursuant to the PRC laws or the stipulations of the State Council. Government-allocated land is not allowed to be transferred unless the transfer is approved by the relevant PRC government authorities and the land premium as determined by the relevant PRC government authorities has been paid.

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

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

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

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

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

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

Under the Measures for Control and Administration of Grant and Assignment of Right to Use Urban State-owned Land (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the Ministry of Construction on December 4, 1992, as amended on January 26, 2011, the grantee under a land grant contract, i.e. a real estate developer, must further apply for a permit for

construction site planning from the relevant municipal planning authority. After obtaining such permit, a real estate developer will organize the necessary planning and design work. Planning and design proposals in respect of a real estate development project are again subject to relevant reporting and approval procedures required under the Law of the People's Republic of China on Urban and Rural Planning (中華人民共和國城鄉規劃法) promulgated by the Standing Committee of the National People's Congress on October 28, 2007, effective from January 1, 2008 and amended on April 24, 2015 and April 23, 2019, and local statutes on municipal planning. Upon approval by the authorities, a permit for construction works planning will be issued by the relevant municipal planning authority. According to the Law of the People's Republic of China on Urban and Rural Planning, a construction entity shall return the land or compensate relevant parties if it gets the approval of land-use right without a permit for construction works planning. Such land-use right approval shall be forfeited by the relevant authority. If a construction entity starts a project construction without obtaining a planning permit or violates the provisions of the planning permit, it will be punished by local planning administration authorities by way of stopping construction, imposing a fine based on construction costs or removing the completed construction.

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

When the site has been properly prepared and is ready for the commencement of construction works, the developer must apply for a permit for commencement of works from the construction authorities at or above the county level according to the Measures for Administration of Granting Permission for Commencement of Construction Works (建築工程施工許可管理辦法) promulgated by the Ministry of Construction on October 15, 1999, as amended on July 4, 2001. The Measures for Administration of Granting Permission for Commencement of Construction Works (建築工程施工許可管理辦法) promulgated by the Ministry of Housing and Urban-Rural Development on June 25, 2014, as amended respectively on September 28, 2018 and March 30, 2021, supersedes the Measures on Construction Permission and has the similar requirements.

The development of a real estate project must comply with various laws and legal requirements on construction quality, safety standards and technical guidance on architecture, design and construction work, as well as provisions of the relevant contracts. On January 30, 2000, the State Council promulgated and began implementing the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例), and amended this regulation on October 7, 2017 and April 23, 2019, which sets out the respective quality responsibilities and liabilities for developers, construction companies, exploration companies, design companies and construction supervision companies. After completion of construction works for a project, the real estate developer must organize an acceptance examination by relevant government authorities and experts according to the Development Regulation and the Interim Provisions on Inspection Upon Completion of Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收暫行規定) promulgated by the Ministry of Construction on June 30, 2000. The Provisions on Inspection Upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收規定) promulgated by the Ministry of Housing and

Urban-Rural Development in December 2, 2013, supersedes the Acceptance Examination Measures and has the similar requirements. The developer must also report details of the acceptance examination according to the Measures for Reporting Details Regarding Acceptance Examination upon Completion of Buildings and Municipal Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by the Ministry of Construction on April 4, 2000, as amended on October 19, 2009. A real estate development project may not be delivered until and unless it has satisfactorily passed the necessary acceptance examination. Where a property project is developed in phases, an acceptance examination may be carried out for each completed phase.

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

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

Several laws and regulations specific fire protection in real estate development, including Fire Protection Law of the People's Republic of China (中華人民共和國消防法) and Interim Provisions on Administration of Fire Protection Design Review and Acceptance of Construction Projects (建設工程消防設計審查驗收管理暫行規定). According to such laws and regulations, a

real estate project shall get approval from or filing with relevant public security and fire protection authorities for fire protection design before the construction is started and subject to a fire protection as-built acceptance inspection.

Land for Property Development

In April 12, 1988, the National People's Congress amended the Constitution of the People's Republic of China (中華人民共和國憲法) to permit the transfer of land-use rights for value. And in December 29, 1988, the Standing Committee of the National People's Congress amended the Land Administration Law (中華人民共和國土地管理法) to permit the transfer of land-use rights for value.

On May 19, 1990, the State Council issued the Interim Regulation on Grant and Assignment of Right to the Use of State-owned land in Urban Areas (城鎮國有土地使用權出讓和轉讓暫行條例), which prescribes different maximum terms of granted land-use rights for different uses of land as follows: (i) land for commerce, tourism and entertainment: 40 years; (ii) land for residence: 70 years; (iii) land for industry: 50 years; (iv) land for education, science, technology, culture, public health and sports: 50 years; and (v) land for comprehensive utilization or other purposes: 50 years. The State may not resume possession of lawfully granted land-use rights prior to expiration of the term of grant. If the public interest requires the resumption of possession by the State under special circumstances during the term of grant, compensation must be paid by the State. Subject to compliance with the terms of the land grant contract, a holder of land-use rights may exercise substantially the same rights as a land owner during the grant term, including holding, leasing, transferring, mortgaging and developing the land for sale or lease. Upon paying in full the land grant fee pursuant to the terms of the contract, the grantee may apply to the relevant land bureau for issuance of the land-use rights certificate. Upon expiration of the term of grant, renewal is possible subject to the execution of a new contract for the grant of land-use rights and payment of a new land grant fee. If the term of the grant is not renewed, the land-use rights and ownership of any buildings on the land will revert to the State without compensation.

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

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

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

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

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

On November 18, 2009, the Ministry of Finance, Ministry of Land and Resources, PBOC, the Ministry of Supervision of the PRC and the National Audit Office of the PRC jointly issued a Notice on Further Strengthen the Management of Revenue and Expenditure from Land Granting (關於進一步加強土地出讓收支管理的通知), to require a minimum down payment of 50% of the land premium relating to land purchases from the PRC government. The notice also provides that the installment period stipulated in the relevant land grant contracts may not exceed one year, provided that, for special projects, upon collective approval by the relevant government authorities, the installment period stipulated in the relevant land grant contracts can be two years. Developers will not be permitted to buy new land if they fail to pay off such land premium in time. The new rules also forbid local governments from giving discounts to developers or allowing developers to delay payments except as stipulated by the State Council.

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

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

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

On February 26, 2013, the State Council issued the “Notice on Further Implementing Regulation and Control of Real Property Markets” (國務院辦公廳關於繼續做好房地產市場調控工作的通知) and required strict implementation of certain on-going restrictive measures with respect to residential properties, including that (i) the restriction area should cover the relevant cities’ entire administrative area; the restrictive measures should apply to all the newly established or second-hand residential properties in such cities; and the qualification review of the purchasers should be conducted before the execution of the purchase agreement or subscription agreement; (ii) the minimum down payment of the total purchase price and the minimum mortgage lending interest rate for a second residential property may be further raised in cities where the housing prices are increasing at an excessively high rate; (iii) the individual income tax rate for selling any self-owned residential properties should strictly be 20%, if the original value of such properties could be verified through taxation or real estate registration records; and (iv) the issuance the pre-sale certificate may be suspended if the price is unreasonably high and the developer refuses to accept the direction of the relevant government authority; or the project is not subject to the pre-sale revenue supervision.

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

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

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

Sale of Commodity Properties

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

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

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

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

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

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

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

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

The Provision on Sales of Commodity Properties at Clearly Marked Price (商品房銷售明碼標價規定) was promulgated by the NDRC on March 16, 2011. According to the provision, any real estate developer or real estate agency (“real estate operators”) is required to mark the selling price explicitly and clearly for both newly-build and second-hand commodity properties. The provision requires real estate operators to clearly indicate the prices and relevant fees of commodity properties, as well as other factors affecting the prices of commodity properties to the public. With respect to the real estate operators that have received property pre-sale permit or have completed the filing procedures for the sales of completed properties, real estate operators shall announce all the commodity properties available for sale in a lump within the specified time limit. Furthermore, with regard to a property that has been sold out, real estate operators are obliged to disclose such information and to disclose the actual transaction price. Real estate operators cannot sell commodity properties with price higher than the explicit marked price or charge any other fees which has not been explicitly marked. Moreover, real estate operators may neither mislead purchasers with false or irregular price marking, nor engage in price fraud by using false or misleading price marking methods.

To support the demand of purchasers of residential property and to promote the sustainable development of the real estate market, the PBOC and the CBRC jointly issued the Notice on Further Improving Financial Services for Residential Property (《關於進一步做好住房金融服務工作的通知》) on September 29, 2014, which provides that for any family that wishes to use a loan to purchase a residential property, the minimum down payment will be 30% of the property price and the minimum loan interest rate will be 70% of the benchmark lending interest rate, with the specific terms of such loan to be decided by the banking financial institution that

provides the loan, based on the risk profile of the borrower. Where a family that owns a residential property and has paid off its existing mortgage loan applies for a new mortgage loan to purchase another residential property to improve living conditions, the bank may apply mortgage loan policy for first-time purchasers of residential property. In cities that have lifted restrictions on the purchase of residential property by residents or those that have not imposed such restrictions, when a family that owns two residential properties or more and has paid off its existing mortgage loans applies for a new mortgage loan to purchase another residential property, the bank is required to assess the credit profile of the borrower, taking into consideration the solvency and credit standing of the borrower and other factors, to decide the down payment ratio and loan interest rate. In view of the local urbanization plan, banks may provide mortgage loans to non-local residents that meet the conditions required by the related policies.

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

On August 25, 2019, PBOC issued the Announcement of the People’s Bank of China No. 16 [2019] under which, starting from October 8, 2019, new commercial individual housing loans should be priced by adding basis points to the latest monthly loan prime rate (LPR) of corresponding maturity. The basis points added should conform to the national and local housing credit policy requirements, reflect the loan risk profile, and remain fixed during the contract period. The interest rate of first-time commercial individual housing loans should not be lower than the LPR of corresponding maturity, and the interest rate of second-time commercial individual housing loans not be lower than the LPR of corresponding maturity plus 60 basis points.

Transfer of Real Estate

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

contract in writing and register the transfer with the real estate administration authority having jurisdiction over the location of the real estate within 90 days of the execution of the transfer contract.

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

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

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

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

Leases of Buildings

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

The lease term may not exceed 20 years. If the lease term exceeds 20 years, the portion of the lease term beyond the initial twenty year period is invalid. At the end of the lease term, the parties may renew the lease, provided that the renewed term may not exceed 20 years

commencing on the date of renewal. Where the lease term is six months or longer, the lease shall be in writing. If the parties fail to adopt a writing form, the lease is deemed an indefinite lease.

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

Mortgages of Real Estate

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

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

- Property development loans may be granted to property developers who are qualified for property development, rank high in credibility and have no overdue payment for construction. Such loans shall be given in full support of residential housing projects which conform to the purchasing capacity of families with medium-to-low income, and shall be property restricted where projects involve building properties of large size and/or cover large area, such as luxury commodity houses and villas. For property developers with commodity properties of high vacancy rate and debt ratio, strict approval procedures must be applied for their new property development loans and their activities must also be subject to close monitoring.

- Commercial banks may not grant loans to property developers without a “land-use rights certificate,” “construction land planning permit,” “construction work planning permit” and “construction work commencement permit.”
- While property developers apply for bank loans, their own capital, i.e. owner’s equity, shall not be less than 30% of the total investment required for the project. Commercial banks are prohibited from lending to property developers solely for the payment of land premiums. A loan for real estate development made by a commercial bank may only be used for a local real estate development project, and shall not be used in a cross-region way.
- Commercial banks may only provide housing loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the down-payment by the borrower remains to be 20%. In respect of his loan application for additional purchase of residential unit(s), the percentage of the down-payment by the borrower should be approximately increased.
- When a borrower applies for a mortgage loan for an individual commercial use building, the mortgage ratio may not be more than 60%. In addition, the term of loan may not be more than 10 years and the commodity building must be duly completed and accepted after the relevant governmental inspection.
- The down-payment requirement was subsequently increased to 30% of the property price for residential units with a unit floor area (套型建築面積) of 90 sq.m. or more, effective on June 1, 2006. See “— Measures on Stabilizing Property Prices” below.

In a Circular on Facilitating the Continuous and Healthy Development of Property Market (關於促進房地產市場持續健康發展的通知) issued by the State Council on August 12, 2003, a series of measures were adopted by the government to control the property market. They included, among others, strengthening the construction and management of low-cost affordable houses, increasing the supply of ordinary commodity residential houses and controlling the construction of high quality commodity houses. Besides, the government also staged a series of measures on the lending for residential development.

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

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

should maintain a strict project approval mechanism for processing applications for property development loans.

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

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

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

- prohibiting commercial banks from lending to projects with an internal capital ratio (owners' equity) of less than 35%, or without a land-use rights certificate, construction land-use planning permit, construction planning permit and a construction permit;
- prohibiting commercial banks from lending to property developers solely for the payment of land premiums;
- for commodity properties that has been vacant for three years, a commercial bank shall not accept them as collateral for a loan. In principle, a loan for real estate development made by a commercial bank may only be used for a local real estate development project, and shall not be used in a project of different location. For a loan, the use of which is really needed in a non-local real estate development project and for which the relevant risk control measures have been implemented, a commercial bank shall report on it to the regulatory authority for archival purposes before the loan is made;
- requiring banks to support funding needs of borrower purchasing their first small and medium self-occupied flat, and to grant loans only to individuals who have purchased flats the main structure of which have been topped out;
- the minimum down payment for a first unit of self-occupied flat with a GFA of less than 90 sq.m. per unit shall not be less than 20%. The minimum amount of down payment for a first unit of self-occupied flat with a GFA of over 90 sq.m. per unit

shall not be less than 30%. The minimum down payment for the second unit or more payable by an individual who has obtained a mortgage to purchase the first flat shall not be less than 40%, the loan interest rate shall not be less than 1.1 times the prevailing basis rate issued by PBOC, and the minimum amount of down payment and interest rate shall significantly increase with the number of flats purchased; and

- commercial properties purchase by loans shall have been completed and passed completion acceptance inspection; and for commercial properties, the minimum down payment shall not be less than 50%, the loan term shall not exceed 10 years and the loan interest rate shall not be less than 1.1 times the prevailing basis rate issued by PBOC. For combined commercial and residential properties, the minimum down payment shall not be less than 45% and the term and interest rate shall be determined according to the administrative regulations of commercial property loans.

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

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

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

On December 20, 2008, the General Office of the State Council issued the Opinion on Promoting the Healthy Development of Real Estate Market (國務院辦公廳關於促進房地產市場健康發展的若干意見). The opinion provides that in order to expand domestic demand and encourage purchase of ordinary residential housing, residents who purchase ordinary self occupied housing for the first-time by borrowing a mortgage loan shall enjoy preferential policies in relation to loan interest rates and down payment. For residents who have already borrowed a mortgage loan and purchased self-occupied housing for the first-time, if the GFA per

person of that first housing is lower than the local average, such residents may still enjoy the preferential policies in relation to loan interest rates and down payment when they purchase a second self occupied house. For any other application on mortgage loans for purchasing a second or subsequent housing unit, the interest rate shall be determined by the commercial banks based on the benchmark interest rate and the banks' risk assessments.

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

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

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

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

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

On September 29, 2014, the PBOC and CBRC jointly issued the Notice on Further Improving Housing Financial Services (關於進一步做好住房金融服務工作的通知), according to which, for a family that applies for a loan to purchase the first ordinary owner-occupied residential property, the minimum down payment ratio shall be 30%, and mortgage rate shall be

no less than 0.7 times of the relevant benchmark lending rate; where a family, which owns an existing residential house for which the relevant mortgage loan has been paid off, applies for a new loan to purchase another ordinary commodity housing for the purpose of improving living conditions, the relevant financial institutions shall adopt the lending policies of the first owner-occupied property.

The PBOC, Ministry of Housing and Urban-Rural Development and CBRC issued the Notice on Matters Concerning Personal Housing Loan Policies (關於個人住房貸款政策有關問題的通知) on March 30, 2015. According to the Notice, where a household, which already owns one housing property and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment ratio is adjusted to 40%. In case of purchasing ordinary housing properties using housing accumulation fund loans by first-time buyers, the minimum down payment ratio is 20%; where a household, which already owns one housing property and has paid off the relevant housing loan, applies for another housing accumulation fund loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment ratio is 30%.

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

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

Real Estate Management

According to the Regulation on Property Management (物業管理條例) promulgated by the State Council on June 8, 2003 and amended respectively on August 26, 2007, February 6, 2016 and March 19, 2018, an enterprise engaging in property management activities shall have the

independent corporation capacity. The competent construction administrative department of the State Council shall, jointly with the relevant departments, establish the mechanism for encouraging honesty and punishing the dishonesty, and enforce the administration of the credit in the property management industry.

Insurance

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

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

Measures on Stabilizing Property Prices

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

- Where the housing price is growing too fast, while the supply of ordinary commodity houses at medium or low prices and low-cost affordable houses is insufficient, the housing construction should mainly involve projects of ordinary commodity houses at medium or low prices and low cost affordable houses. The construction of low-density, high quality houses should be strictly controlled. The relevant local government authorities are authorized to impose conditions on planning and design such as building height, plot ratio and green space and to impose such requirements as sale price, type and GFA as preconditions on land assignment. The local governments are also required to strengthen their supervision of real estate developments in their jurisdictions.
- Where the price of land for residential use and the price for residential housing are growing too fast, the proportion of land supply for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses at medium or low prices and low-cost affordable houses should be especially increased. Land supply for villa construction should continue to be suspended, and land supply for high quality housing property construction should be strictly restricted.

- Commencing from June 1, 2005, a business tax upon transfer of a residential house by an individual within two years from his/her purchase will be levied on the gain from such sale. For an individual to transfer an ordinary residential house after two years from his/her purchase, the business tax will be exempted. For an individual to transfer a property other than an ordinary residential house after two years from his/her purchase, the business tax will be levied on the difference between the price of such sale and the original purchase price.
- Ordinary residential houses with medium or small GFAs and at medium or low prices may be granted preferential treatment such as planning permits, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy the following conditions in principle: the plot ratio is above 1.0, the GFA of one single unit is less than 120 sq.m., and the actual transfer price is lower than 120% of the average transfer price of comparable houses at comparable locations. The local governments at the provincial level may, based on their actual local circumstances, formulate specific standards for ordinary residential houses that may enjoy the preferential policies.
- Transfer of uncompleted commodity properties by any pre-sale purchaser is forbidden.

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

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

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year must be used for developing low to medium-cost and small to medium-size units and low-cost rental properties;
- requiring that at least 70% of GFA of residential projects approved or constructed on or after June 1, 2006 must consist of units with a unit floor area less than 90 sq.m. per unit (including affordable housing) and that projects which have received project development approvals prior to that date but have not obtained construction permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals and certain cities may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;
- prohibiting commercial banks from lending funds to real estate developers with an internal capital ratio, calculated by dividing the internal funds by the total project capital required for the relevant projects, of less than 35%, restricting the extension of

loans and the grant of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties, and prohibiting commercial banks from taking commodity properties which have been vacant for more than three years as security for their loans; and

- imposing a business tax levy on the entire sales proceeds from re-sale of properties if the holding period is shorter than five years, effective from June 1, 2006, as opposed to two years as such levy was initially implemented from June 2005; where an individual transfers a property other than an ordinary residential property after five years from his/her purchase, the business tax will be levied on the difference between the price for such re-sale and the original purchase price.

On December 20, 2008, the General Office of the State Council issued the rules on the Opinion on Promoting the Healthy Development of Real Estate Market (關於促進房地產市場健康發展的若干意見), which provides that in order to expand domestic demand and encourage consumption in ordinary residential housing, a business tax relief policy for real property transfers will be implemented for one year in relation to residential property conveyance. Business tax is exempted for any transfer of ordinary housing purchased and held by individuals for at least two years, as opposed to five years previously; any transfer of ordinary housing purchased by individuals for less than two years is subject to business tax based on the difference between the sale price from such transfer and the original purchase price, as opposed to the full sale price. Any transfer of non-ordinary housing purchased by individuals for at least two years, as opposed to five years previously, is subject to business tax based on the difference between the gain from such transfer and the original purchase price. Any transfer of non-ordinary housing purchased by individuals for less than two years remains subject to business tax based solely on the sale price from such transfer. The above-mentioned policy is tentatively scheduled to be enforced until December 31, 2009.

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

- Loan interest rate and down payment ratio granted by the financial institutions to their clients shall be determined based on the following factors: whether or not it is the first time for the borrower to buy the house, whether or not the house is used for self occupancy, whether or not the house type and GFA conform to an ordinary residential house, and other risk factors such as the borrower's credit record and repayment capacity.

- Financial institutions may provide preferential treatments on loan interest rate and down payment ratio to residents for their first purchase of ordinary self-occupied houses and improved ordinary self-occupied houses. For non-self-occupied houses and non-ordinary residential houses, financial institutions may properly raise the loan conditions.
- As to commercial individual housing loans granted, financial institutions shall determine the interest rate for the outstanding portion thereof, in accordance with Section 1 of this notice, on the basis of reasonable assessment of loan risks and according to the original loan contracts. The down payment ratio under the original loan contracts shall remain effective.
- The policy that the borrower's monthly expenditure on repayment of housing loans shall not exceed 50% of his/her monthly income remains unchanged.

Pursuant to the Circular of the General Office of the State Council on Notice on Issues Relating to Further Regulating the Control of Property Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) dated January 26, 2011, generally, municipalities, provincial capitals and cities with high housing prices will implement purchase restrictions for a specified period. In principle, (i) a local residential family that already holds one house or a non-local residential family that is able to provide evidence of local tax or social insurance payment for a required period is limited to purchasing one additional house (including the new commodity residential house or a second hand one); and (ii) a local residential family that holds two or more houses, a non-local residential family that holds one or more houses or a non-local residential family that cannot provide the local payment of tax and/or social insurance for a required period shall be suspended from purchasing any other commodity residential houses.

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

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

- Continuous enforcement of stringent restrictions on commodity housing purchases;
- For cities with soaring house prices, the local branches of the PBOC may further increase the proportion of down payments and interest rates for second-home buyers according to the price control targets and policy requirements for newly-constructed commodity housing of the local governments; and

- The taxation department and the housing and urban-rural development department shall work closely together to impose personal income tax on the sales of self-owned houses. A tax rate of 20% on the proceeds from the transfer shall be strictly levied upon verification of the value of the houses based on tax collection and housing registration data.

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

On September 29, 2014, the PBOC and the CBRC jointly issued the Notice on Further Improving Financial Services for Real Estate Sector (關於進一步做好住房金融服務工作的通知), which provides where a family that owns a residential property and has paid off its existing mortgage loan applies for a new mortgage loan to buy another residential property to improve living conditions, the bank may apply the first-time housing purchase mortgage loan policy. In cities that have lifted housing purchase restrictions on residents or those that have not imposed such restrictions, when a family that owns two residential properties or more and has paid off all the existing mortgage loans applies for a new mortgage loan to buy another residential property, the bank is required to assess the credit profile of the borrower, taking into consideration the solvency, credit standing of the borrower and other factors, and decide the down payment ratio and loan interest rate. In view of the local urbanization plan, banks may provide mortgage loans to non-local residents that meet the conditions required by the related policies.

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

On August 10, 2019, the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) (the “CBIRC”) published the notice of special inspection on real estate business of banking institution (中國銀保監會辦公廳關於開展2019年銀行機構房地產業務專項檢查的通知) (the “CBIRC Notice”). As stated in the Notice, the CBIRC upheld the concept of “Housing is for living, but not for speculation.” To prevent the formation of bubble in the real estate market, the banking institutions with businesses heavily concentrated in real estate will be

inspected by the CBIRC regarding their internal control and regulation. The CBIRC will conduct intensive inspection on the potential violation of funds invested into the real estate market through illegal channels. Meanwhile, the CBIRC will put in place the centralisation of management for land development loan and land reserve loan together with the source of funds verification and minimum capital requirement. The new policy will further increase the financing cost and difficulty in obtaining financing for real estate developers.

PRC Taxation

PRC Deed Tax

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

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

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

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

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

The rate of deed tax will, within the range of 3–5%, be determined by the PRC government agencies of provincial, autonomous region and municipal level in light of the actual conditions

of the underlying properties respective areas and shall be reported to the Ministry of Finance and the State Administration of Taxation.

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

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

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

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

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

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

On September 1, 2021, the Law on the Deed Tax of the People's Republic of China (中華人民共和國契稅法) (the "Deed Tax Law") promulgated by the Standing Committee of the National People's Congress on August 11, 2020, came into effect and superseded the Provisional Regulation on the Deed Tax of the People's Republic of China. Pursuant to the Deed Tax Law, a deed tax is chargeable to transferees of land use rights and/or ownership in real properties within

the territory of mainland China. The tax rates remain unchanged, i.e. between 3% and 5%, subject to determination by local governments at the provincial level in light of the local conditions.

Income Tax

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

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

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

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

Value Added Tax

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

According to the Notice of the MOF and the SAT on the Adjustment of VAT Tax Rate (財政部、稅務總局關於調整增值稅稅率的通知) promulgated by the MOF and the SAT on April 4, 2018 with effect from May 1, 2018, if the taxpayer has sales or imports goods subject to value added tax and the original value added tax rate is 17% and 11%, the tax rate shall be adjusted to 16% and 10%. On March 20, 2019, the MOF, SAT and General Administration of Customs promulgated the Announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on the Policy of Deepening the Reform of Value-Added Tax (財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告) which came into effect on April 1, 2019. Pursuant to this notice, the tax rates of 16% and 10% applicable to any taxpayer's VAT taxable sale or import of goods shall be adjusted to 13% and 9%, respectively.

Land Appreciation Tax

Under the LAT Regulation (中華人民共和國土地增值稅暫行條例) promulgated by the State Council on December 13, 1993 and revised on January 8, 2011, and its implementation rules, LAT applies to both domestic and foreign investors, irrespective of whether they are corporate entities or individuals. LAT is payable on the appreciation in value representing the balance of the proceeds received on sales, after deducting various prescribed items. LAT is charged at progressive rates ranging from 30% to 60%. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land-use rights and the costs of land development and the construction of new buildings or related facilities. An exemption from payment of LAT may be available if the taxpayer constructs ordinary residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC law. If, however, the appreciation amount exceeds 20% of the sum of allowable deductions, such an exemption is not available and the taxpayer will be liable to LAT on the full appreciation amount, after taking account of the allowable deductions. The allowable deductions include the following items:

- Payment made to acquire land-use rights;
- Costs and expenses related to land development and the construction of the properties;

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

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

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

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

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

Urban Land-use Tax

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

Real Estate Tax

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

By issuance of PRC State Council Order 546 (中華人民共和國國務院令2008第546號) on December 31, 2008, the State Council unifies the two parallel real estate tax systems by abolishing the urban real estate tax. Starting from January 1, 2009, all enterprises, organizations and individuals that own or use real estate in China shall subject to real estate tax by using the calculation method as mentioned in the Provisional Rules on Real Estate Tax of the People's Republic of China (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986.

Stamp Duty

Under the Provisional Regulation on Stamp Duty of the People's Republic of China (中華人民共和國印花稅暫行條例) promulgated by the State Council on August 6, 1988, effective on October 1, 1988 and revised on January 8, 2011, for property rights transfer instruments, including those in respect of property ownership transfer, the rate of stamp duty shall be 0.05% of the amount stated therein; for permits and certificates relating to rights, including property ownership certificates and land-use rights certificates, stamp duty shall be levied on an item basis of RMB5 per item. Effective from July 1, 2022, the Stamp Duty Law of People's Republic of China (中華人民共和國印花稅法) promulgated on June 10, 2021 superseded the Provisional Regulation on Stamp Duty of the People's Republic of China.

Urban Maintenance and Construction Tax and Education Surcharge

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

Effective from September 1, 2021, the Municipal Maintenance Tax Law of the People's Republic of China (中華人民共和國城市維護建設稅法) ("Municipal Maintenance Tax Law") has superseded the Provisional Regulation on Urban Maintenance and Construction Tax of the People's Republic of China. Pursuant to the Municipal Maintenance Tax Law, all entities and individuals who are subject to VAT or consumption tax within the territory of the People's Republic of China are required to pay municipal maintenance tax. Municipal maintenance tax shall be calculated based on the amount of VAT or consumption tax actually paid by taxpayers in accordance with the law. 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 or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town. The amounts of VAT and consumption tax paid for imported goods or labor services, services or intangible assets sold within the territory of China by overseas entities and individuals are not subject to municipal maintenance tax.

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

Foreign Currency Exchange

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

On December 28, 1993, the PBOC, under the authority of the State Council, promulgated the Notice of the PBOC Concerning Further Reform of the Foreign Currency Control System (中國人民銀行關於進一步改革外匯管理體制的公告), effective on January 1, 1994 and revoked on August 28, 2009. The notice announced the abolition of the foreign exchange quota system, the implementation of conditional convertibility of Renminbi in current account items, the establishment of the settlement and payment system of foreign exchange by banks, and the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centers. On June 20, 1996, the PBOC promulgated the Regulation on the Administration of the Settlement, Sale and Payment of Foreign Exchange (結匯、售匯及付匯管理規定), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organizations and social organizations in the PRC.

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

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

On October 21, 2005, SAFE promulgated the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicle and Investing Back in China by Domestic Residents (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知), which became effective on November 1, 2005 (“Circular No. 75”). The notice requires PRC domestic resident natural persons (境內居民自然人) to register or file with the local SAFE branch in the following circumstances: (i) before establishing or controlling any company outside the PRC for the purpose of capital financing, (ii) after contributing their assets or shares of a domestic enterprise into overseas special purpose vehicles, or raising funds overseas after such contributions, and (iii) after any major change in the share capital of the special purpose vehicle without any round-trip investment being made. On July 14, 2014, SAFE promulgated the Circular Concerning Relevant Issues on the Foreign Exchange Administration of Offshore Investing and Financing and Round-Trip Investing by Domestic Residents through Special Purpose Vehicles (the “Circular No. 37”) (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知), for the purpose of simplifying the approval process, and for the promotion of the cross-border investment. The Circular No. 37 supersedes the Circular No. 75 and revises and regulates the relevant matters involving foreign exchange registration for round-trip investment. Under the Circular No. 37, in the event the change of basic information of the registered offshore special purpose vehicle such as the individual shareholder, name, operation term, etc., or if there is a capital increase, decrease, equity transfer or swap, merge, spin-off or other amendment of the material items, the domestic resident shall complete the change of foreign exchange registration formality for offshore investment. In addition, according to the procedural guideline as attached to the Circular No. 37, the principle of review has been changed to “the domestic individual resident is only register the SPV directly established or controlled (first level).” According to Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) promulgated by the SAFE on February 13, 2015 and

became effective from June 1, 2015, the initial foreign exchange registration for establishing or taking control of a special purpose vehicle by domestic residents can be filed with a qualified bank, instead of the local branch of the SAFE.

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

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

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

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

On August 29, 2008, SAFE issued the “Notice of the General Department of the SAFE on Improving on Relevant Business Operations Issues Concerning the Administration of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises” (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知) (the “Notice 142”) which regulates the conversion by a foreign-invested enterprise of foreign currency into Renminbi by restricting how the converted Renminbi may be used. The Notice 142 requires that the Renminbi funds converted from the foreign currency capital of a foreign-invested enterprise may only be used for purposes within the business scope of the relevant foreign invested companies approved by the applicable governmental authority and cannot be used for equity investments or acquisitions within the PRC unless specifically provided for otherwise. In addition, SAFE strengthened its supervision over the flow and use of Renminbi funds converted from the foreign currency capital of a foreign-invested enterprise. An offshore holding company that uses foreign exchange to invest in real estate businesses in the PRC is typically required to conduct the real estate operations through PRC subsidiaries that were established as foreign-invested real estate companies and invest in such foreign-invested PRC subsidiaries through equity contribution. In addition, it is required to complete the requisite filing procedures with MOFCOM before it can remit any funds from offshore. The use of such

Renminbi capital may not be changed without SAFE's approval, and may not, in any case, be used to repay or prepay Renminbi loans if such loans have not been used.

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

According to the Notice on Further Improving and Adjusting Management Policies on Foreign Exchange of Direct Investment (關於進一步改進和調整直接投資外匯管理政策的通知) (the "Notice 59"), promulgated by the SAFE on November 19, 2012, effective from December 17, 2012, amended on May 4, 2015, October 10, 2018 and December 30, 2019, foreign investors are no longer required to obtain approval from the SAFE to re-invest in China by using legal income generated in China. No approval from the SAFE is required for opening the bank account, payment into account, settlement of the foreign exchange and for the purchase and external payment of foreign exchange in relation to direct foreign investments in China. Also, domestic transfer of foreign exchange under direct investment account is no longer subject to approval by the SAFE. In addition, the foreign invested entities are permitted to remit funds to their offshore parent companies.

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

Labor Protection

The Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法) promulgated on June 29, 2007 and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the People's Republic of China (中華人民共和國勞動合同法實施條例) promulgated on September 18, 2008, set out specific provisions in relation to the execution, the terms and the termination of an employment contract and the rights and obligations of the employees and the employers. At the time of hiring, the employer shall

truthfully inform the employee as to the scope of work, working conditions, working place, occupational hazards, work safety, salary and other matters which the employee requests to be informed about.

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

MANAGEMENT

Board of Directors

Our Board currently comprises seven Directors, including five executive Directors and two independent non-executive Directors.

Name	Age	Position/Title
ZENG Yunshu	70	Chairman and Executive Director
WONG Choi Hing	70	Co-Chairman and Executive Director
CAI Hongwen	59	Co-Chairman and Executive Director
HE Fei	51	Chief Executive Officer and Executive Director
WEI Haiyan	47	Executive Director
GUAN Huanfei	65	Independent Non-executive Director
HAN Qinchun	65	Independent Non-executive Director

Executive Directors

Mr. ZENG Yunshu (曾雲樞), aged 70, has been appointed as a co-Chairman and an executive Director of the Group since October 2019. Mr. Zeng resigned as co-Chairman of the Board in January 2022, and has been appointed as the Chairman of the Board on June 27, 2022. He has been engaged in business operations for over 20 years and is a senior economist. He has successfully established a number of enterprises with proven experience in property development and management. Mr. Zeng was the chairman of the board of directors from January 2007 to November 2011 and executive director from January 2007 to June 2012 of Hong Long Holdings Limited (now known as Suncity Group Holdings Limited) (stock code: 1383.hk). Mr. Zeng worked at Shenzhen Petrochemical Industry (Group) Co. Ltd. (深圳石化工業集團股份有限公司) and domestically associated enterprise in Shenzhen in 1991. From 1981 to 1990, Mr. Zeng served at various departments of the Xingning and Meizhou municipal governments. Mr. Zeng was the Standing Committee Member of the Meizhou CPPCC (梅州市政協常委), and currently holds positions at a number of organizations and associations, including executive president of Guangdong Hakka Chamber of Commerce (廣東省客家商會), honorary president of Shenzhen Ningjiang Cultural Promotion Association (深圳市寧江文化促進會) and president of Shenzhen Hongli Charitable Foundation (深圳市紅荔慈善基金會). Mr. Zeng has received numerous honors, such as “Yiju Top 30 Real Estate Pioneers of Shenzhen (宜居深圳30大地拓荒牛)” and “Gold Award for Personal Charitable Donations in Pengcheng (鵬城慈善捐贈個人金獎).” Mr. Zeng is a director of each of RXHD Holdings and China Greater Bay Area Holdings (each a controlling shareholder of the Company).

Mr. WONG Choi Hing (王再興), aged 70, is the founder of our Group. He has been appointed as our Chairman and executive Director since October 2019. Since January 2022, Mr. Wong Choi Hing has been re-designated as non-executive Director, and has been re-designated from a non-executive Director and the Chairman of the Board to an executive Director and a co-Chairman of the Board on June 27, 2022. He has over 20 years' experience in the development and operation of large-scale trade and logistics centers and is one of the core leader of the industry, participating in the implementing industry standards and industry self-regulations. From October 2010 to August 2014, Mr. Wong was chairman of the Board, executive Director and CEO of the Group, chaired and witnessed the important stage of the Group's listing in Hong Kong. Mr. Wong has received a number of social honors, including member of the 11th and 12th Chinese People's Political Consultative Conference ("CPPCC") National Committee (政協第十一屆和第十二屆全國委員會), vice-president of the 3rd and 4th China Society for Promotion of the Guangcai Program (中國光彩事業促進會), Standing Member of the 10th and 11th executive committee of All-China Federation of Industry and Commerce (中華全國工商業聯合會), founding president of Hong Kong China Chamber of Commerce (香港中國商會), Chairman of Friendship Federation of Hong Kong Jiangxi Community Organizations (香港江西社團(聯誼)總會), permanent honorary president of Federation of Hong Kong Shenzhen Association (香港深圳社團總會), honorary president of Federation of Hong Kong Chiu Chow Community Organizations (香港潮屬社團總會), honorary president of Federation of Hong Kong Guangdong Community Organizations (香港廣東社團), honorary president of Chaozhou and Shantou Chamber of Commerce in Shenzhen (深圳市潮汕商會), vice-chairman of Shenzhen Harmony Club (深圳同心俱樂部), president of Federation of Ganzhou Chambers of Commerce (贛州商會聯合總會), and executive vice-president of Federation of Jiangxi Companies (江西贛商聯合總會), among others.

Mr. CAI Hongwen (蔡鴻文), aged 59, has been appointed as our co-Chairman, executive Director and CEO since October 2019. He resigned as CEO in June 2020 and resigned as co-Chairman of the Board in January 2022, and has been appointed as the co-Chairman of the Board on June 27, 2022. He is a construction engineer and an architect. Mr. Cai has been engaged in business operations for more than 20 years, during which he has successfully established Guangdong Hongyi Group and China Hakka Park which is the first cultural tourism industry park project in China and which the project was selected as the "Guangdong Province New Urbanization 2511 Beautiful Town Pilot Project," and won the "2017 Third China Outstanding Contribution Award in the Tourism Industry," that is, the "Pegasus Award," and he has also engaged in many tourism real estate projects across the country. Mr. Cai was a member of the 11th and 12th Guangdong Provincial People's Congress, member of the 4th, 5th and 6th Meizhou Municipal People's Congress, Standing Committee Member of the 5th, 6th and 7th Meizhou Municipal People's Congress, vice-chairman of Meizhou Federation of Industry and Commerce, and chairman of Meijing District Federation of Industry and Commerce. He currently holds positions at a number of organizations and associations, including executive vice-president of Guangdong Hakka Chamber of Commerce, mentor of the Top 10,000 National Outstanding Mentors for Innovative Entrepreneurship, visiting professor and member of the governing board of Jiaying Academy in Meizhou of Guangdong Province, and vice president of the Quanjinglian and director of Feature Towns Committee, honorary president of Guangdong Province Wuhua Chamber of Commerce, Vice President of Guangdong Real Estate Industry Association, honorary president of Meizhou Real Estate Industry Association, president of Meizhou Wuhua Chamber of Commerce. Mr. Cai has received numerous honors, such as the "Guangdong May 1st Labour

Certificate Award,” “Meizhou Outstanding Private Entrepreneur,” Meizhou’s Third “Ten Outstanding Youth,” “Meizhou Entrepreneurship Star” and “Glorious Career Medal.” Mr. Cai is enthusiastic about social welfare, education, medical care and rural revitalization. He has made donations of more than RMB500 million. Mr. Cai is a director of China Greater Bay Area Holdings (a controlling shareholder of the Company).

Mr. HE Fei (何飛), aged 51, has been appointed as our CEO and executive Director on June 27, 2022. During the period from May 2020 to April 2021, Mr. He served as a director and the chief executive officer of Myhome Real Estate Development Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange (the “SZSE”), stock code: 000667.SZ) (the “Myhome Real Estate”). He had been the co-chief executive officer of the Myhome Real Estate from November 2019 to May 2020. During the period from January 2018 to November 2019, Mr. He served as a vice-president and regional general manager of Shenzhen in CIFI Holdings (Group) Co. Ltd. (a company listed on the Main Board of the Stock Exchange, stock code: 0884.HK). During the period from April 2004 to December 2017, Mr. He had worked at China Merchants Shekou Industrial Zone Holdings Co., Ltd. (a company listed on the SZSE, stock code: 001979.SZ) (the “Merchants Shekou”), and had successively served as the general manager of Foshan Merchants Real Estate Co., Ltd. and Guangzhou Merchants Real Estate Co., Ltd., a deputy general manager of Guangzhou management headquarter of Merchants Shekou, assistant to the general manager, the general manager of the operation management centre and a deputy general manager of the Merchants Shekou. Mr. He had served as a deputy director and project manager of Shenzhen No.1 Construction Engineering Company from July 1993 to April 2004. Mr. He obtained a Master degree of Engineering Management from the Southeast University in 2004.

Ms. WEI Haiyan (魏海燕), aged 47, has been appointed as our executive Director on June 27, 2022. Ms. Wei served as the chairman of the board of Ruixin Haide Group Co., Ltd. from December 2010 to June 2022. She is involved in the overall planning and development strategy decisions and is responsible for the management of investment, administration and human resources. Ms. Wei has been the vice president of Suncity Group Holdings Limited (previously known as Hong Long Holdings Limited, a company listed on the Main Board of the Stock Exchange, stock code: 1383.HK) from September 2000 to February 2011, and has extensive experience in internal management of corporations.

Ms. Wei graduated from the Graduate School of Chinese Academy of Social Sciences in 1998. She completed the advanced seminar on information management at Tsinghua University in 2006 and was awarded as an information analyst. Ms. Wei was appointed as a member of the fifth and sixth Chinese People’s Political Consultative Conference, Meizhou, Guangdong Province.

Independent non-executive Directors

Mr. GUAN Huanfei (關浣非), aged 65, has been appointed as an independent non-executive Director of the Company on June 27, 2022. Mr. Guan obtained a Doctor degree in Economics in 2000 from Wuhan University and was a postdoctoral researcher in Theoretical Economics with Fudan University from 2000 to 2002. Mr. Guan has been a part-time researcher of the Insurance Research Centre of Fudan University since 2004. He has been appointed as a part-time lecturer of professional degree of Fudan University since 2013. Mr. Guan has been appointed as a visiting professor of Jilin University of Finance and Economics since August 2019. Mr. Guan has been an economic and technical consultant of People's Government of Jilin Province for years. Mr. Guan has extensive experience in finance and insurance industry in Hong Kong and the People's Republic of China. He held various senior managerial positions in the People's Insurance Company of China (Jilin Branch), the business department of Hong Kong and Macao Regional Office of China Insurance Group, China Taiping Insurance (HK) Company Limited and China Pacific Insurance Co., (H.K.) Limited. He also held offices at the Bank of Communications, including the deputy chairman of the risk asset management committee, the deputy chairman of credit asset management committee, the chairman of loan verification committee, the deputy general manager of the Bank of Communications Hong Kong Branch, a director of Bank of Communications Trustee Limited, the chairman and chief executive of China BOCOM Insurance Company Limited and an executive director and general manager of BoCommLife Insurance Company Limited.

Mr. Guan is currently an independent non-executive director of each of China Nonferrous Mining Corporation Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1258.HK), China Shandong Hi-Speed Financial Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 412.HK), Huarong International Financial Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 993.HK), Sunwah Kingsway Capital Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 188.HK), and Shanghai Zendai Property Limited (a company listed on the Main Board of the Stock Exchange, stock code: 755.HK).

During the period from December 2017 to June 2018, Mr. Guan served as a non-executive director of Ping An Securities Group (Holdings) Limited (a company listed on the Main Board of the Stock Exchange, stock code: 231.HK). Mr. Guan had been the chairman emeritus of Culturecom Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 343.HK) and the chairman of the board of directors of UCAN.COM Group Limited, a subsidiary of Culturecom Holdings Limited from July 2013 to March 2016. Mr. Guan was an independent non-executive director of Solis Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 2227.HK) from August 2019 to September 2020. Mr. Guan was also an independent non-executive director of China Wood International Holding Co., Limited (formerly known as HongDa Financial Holding Limited) (a company listed on the Main Board of the Stock Exchange, stock code: 1822.HK) during the period from June 2018 to May 2020. Mr. Guan was an executive director and chairman of the board of directors of Enterprise Development Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1808.HK) from June 2020 to May 2021.

Mr. HAN Qinchun (韓秦春), aged 65, has been appointed as an independent non-executive Director of the Company on June 27, 2022. Mr. Han has extensive experience in investment, financial management and management of listed companies. Mr. Han has been appointed as the founder and chairman of a Hong Kong real estate fintech company — Hong Kong Private Markets Limited since November 2014. He has been an independent non-executive director of LongiTech Smart Energy Holding Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1281.HK) since April 2015. Mr Han was an independent non-executive director of Lingbao Gold Group Company Limited (a company listed on the Main Board of the Stock Exchange, stock code: 3330.HK) from March 2012 to July 2021. In addition to the performance of his supervisory responsibilities as an independent non-executive director, Mr. Han uses his own experience, knowledge and resources to provide financial management related advice and support to the listed companies' development strategy, particularly in the area of capital market operation. Mr. Han was appointed as a director and distinguished professor of the Real Estate Centre at Peking University HSBC Business School from 2011 to 2015. He was a chief executive director of Straits Development Holding Company Limited since August 2012 to November 2014, where he was responsible for the company's development strategy, capital market operation, financial management and investment and financing management. He was appointed as vice-chairman and co-chief executive director of Suncity Group Holdings Limited (previously known as Hong Long Holdings Limited, a company listed on the Main Board of the Stock Exchange, stock code: 1383.hk) since March 2006 to February 2010. From 2000 to 2006, Mr. Han served as a supervisor at a number of leading Hong Kong investment banks, including Shun Hing China Investment Limited (Hong Kong), BOCI Securities Limited (Hong Kong), China Everbright Securities International (HK) Limited and ABC International Holdings Limited (Hong Kong) before moving on to real estate company to take on leadership position, where he has accumulated extensive cross-border experience, resources and perspectives. Mr. Han worked as a planner for the government agencies of the Ministry of Chemical Industry and the Ministry of Forestry of the People's Republic of China in Beijing from 1982 to 1993.

Mr. Han obtained a Bachelor degree in Planning in 1982 from Xi'an University of Architecture and Technology and a Master of Science in Real Estate in 1995 from The University of Hong Kong, and then obtained a doctor degree in Real Estate Economics and Management from The University of Hong Kong in 1998.

Board Committees

We have established three committees, namely, the audit committee, the remuneration committee and the nomination committee to handle particular responsibilities of our board and our affairs. All of our board committees are established with defined written terms of reference, and are provided with sufficient resources to discharge their duties.

Since the resignation of Mr. Dai, the Board includes only two independent non-executive Directors, each of the Audit Committee and the Nomination Committee comprises only two members, and the Nomination Committee does not have a chairman or a majority of independent non-executive Directors. We are endeavoring to identify a suitable candidate to be appointed as an independent non-executive Director and fill the associated vacancies as soon as practicable within three months to ensure compliance with the relevant rules, and will make further announcement(s) as and when appropriate.

Audit Committee

We established the audit committee on September 27, 2013 in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the audit committee by the Board. The revised terms of reference have been adopted by the Board on December 27, 2018 to comply with the new CG Code which became effective on January 1, 2019. The primary duties of the audit committee are to review the financial information, to oversee the financial reporting process, risk management and internal control systems of our Group, to oversee the audit process, to make recommendation on the appointment, re-appointment and removal of external auditor and to perform other duties and responsibilities as assigned by the Board. The Audit Committee comprises three independent non-executive Directors. Currently we have two members in the Audit Committee due to the resignation of Mr. Dai Yiyi. The two members are Mr. Han Qinchun, the chairman of the Audit Committee, and an independent non-executive Director, and Mr. Guan Huanfei, an independent non-executive Director.

Remuneration Committee

We established the remuneration committee on September 27, 2013 with written terms of reference in compliance with the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the remuneration committee by the Board. The primary duties of the remuneration committee are to make recommendations to the policy and structure of the remuneration for directors and senior management and to review and approve the compensation payable to directors and members of senior management. The remuneration committee comprises two independent non-executive Directors and one executive Director. The current three members are Mr. Guan Huanfei, the chairman of the remuneration committee and an independent non-executive Director; Mr. Han Qinchun, an independent non-executive Director; and Ms. Wei Haiyan, an executive Director.

Nomination Committee

We established the nomination committee on September 27, 2013 with written terms of reference in compliance with the requirements of the CG Code and Corporate Governance Report as set out in the Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the nomination committee by the Board. The primary duties of the nomination committee are to review the structure, size and composition of the Board and to make recommendations to the Board on the appointment and removal of directors. In the nomination procedures, the nomination committee makes reference to criteria including candidates' reputation, integrity, accomplishment, experience and professional and educational background. The Nomination Committee comprises two independent non-executive Directors and one executive Director. Currently we have two members in the Nomination Committee. The two members are Mr. Han Qinchun, an independent non-executive Director, and Mr. Zeng Yunshu, an executive Director.

Compensation of Directors and Management

Our directors and senior management of our Company receive compensation in the form of salaries, bonuses, contributions to pension schemes, long-term incentives (including share-based compensation), housing and other allowances and benefits in kind subject to applicable laws, rules and regulations. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations.

The aggregate amount of compensation (including any fees, salaries, allowances, benefit in kind, retirement scheme contributions, equity-settled share-based payments and bonus) paid to our directors for the years ended December 31, 2019, 2020 and 2021 and the six months ended June 30, 2022 were approximately RMB22.9 million, RMB19.1 million, RMB19.5 million and RMB3.6 million, respectively.

PRINCIPAL SHAREHOLDERS

So far as our directors are aware, the following table sets forth information regarding beneficial ownership of our ordinary shares as of the date of this exchange offer memorandum by (i) our directors and senior management and (ii) those persons known by us to beneficially own 5% or more of our outstanding shares.

Name of shareholder	Corporate interest	Share options and convertible notes	Total shares interested	Approximate percentage of the issued share capital of the Company ⁽¹⁾
Directors and senior management				
Mr. Zeng Yunshu	276,443,711	-	276,443,711	60.93%
Principal shareholders				
CG-HKGBAHL	276,443,711 ⁽²⁾	-	276,443,711 ⁽²⁾	60.93%
RXHD Holdings	276,443,711 ⁽²⁾	-	276,443,711 ⁽²⁾	60.93%
Mr. Zeng Yunshu	276,443,711 ⁽²⁾⁽³⁾	-	276,443,711 ⁽²⁾⁽³⁾	60.93%
Eminent Ascend Limited	332,800,000 ⁽⁴⁾	-	332,800,000 ⁽⁴⁾	7.33%
Sunet Global Limited	332,800,000 ⁽⁴⁾	-	332,800,000 ⁽⁴⁾	7.33%
Mr. Wong Kim	332,800,000 ⁽⁴⁾⁽⁵⁾	-	332,800,000 ⁽⁴⁾⁽⁵⁾	7.33%

Note:

- (1) The percentage shareholding is calculated on the basis of 453,735,400 shares issued as March 31, 2023.
- (2) CG-HKGBAHL is owned as to 84% by RXHD Holdings and RXHD Holdings is owned as to 90% by Mr. Zeng Yunshu. By virtue of Part XV of the Securities and Futures Ordinance (the “SFO”), each of RXHD Holdings and Mr. Zeng Yunshu is deemed to be interested in all the Shares held by China Greater Bay Area Holdings, which is owned as to 16% by Hakka Park.
- (3) The spouse of Mr. Zeng Yunshu is deemed to be interested in the Shares which Mr. Zeng Yunshu is interested in under Part XV of the SFO.
- (4) Eminent Ascend Limited is wholly-owned by Sunet Global Limited and in turn wholly-owned by Mr. Wong Kim, hence each of Sunet Global Limited and Mr. Wong Kim is deemed to be interested in all the Shares held by Eminent Ascend Limited.
- (5) The spouse of Mr. Wong Kim is deemed to be interested in the Shares which Mr. Wong Kim is interested in under Part XV of the SFO.

Save as disclosed above, as of the date of this exchange offer memorandum, to the knowledge of the Directors, no other person (other than a Director or chief executive of the Company) had, or were deemed or taken to have interest or short position in the shares or underlying shares of our Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

To finance our capital expenditure and working capital requirements and to fund certain of our acquisitions, we have entered into financing arrangements with various financial institutions. We had bank loans and other borrowings, interest-bearing loan from a non-controlling interest and senior notes of approximately RMB7,727.8 million (approximately US\$1,153.7 million) as of June 30, 2022.

Set forth below is a summary of the material terms and conditions of these loans and other material indebtedness.

PRC Bank Loan Agreements

We and certain of our PRC subsidiaries have entered into short- and long-term loan agreements with local branches of various commercial banks in China, mainly including Bank of China, Industrial and Commercial Bank of China, Agricultural Bank of China, China Construction Bank, Bank of Ganzhou and Bank of Lanzhou. These loans have terms ranging from one to five years. As of June 30, 2022, the aggregate outstanding amount under these loans totaled approximately RMB4,582.2 million (US\$684.1 million), of which RMB646.4 million (US\$96.5 million) was due within one year of such date. These loans are secured by our properties in the PRC.

Interest

Our bank loans bear interest at floating rates calculated with reference to the PBOC benchmark interest rate. Floating interest rates are generally subject to review by the lenders monthly, quarterly, semi-annually or annually. Other loans are subject to fixed interest rates. Interest payments generally are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement. As of June 30, 2022, the weighted average interest rate on the outstanding amount under these PRC bank loan agreements was 5.78% per annum.

Financial Covenants

Under a number of our loans, certain of our PRC subsidiaries have agreed to comply with financial covenants, including (i) the total liabilities to total assets ratio not exceeding an agreed number that ranges from 60% to 70%, (ii) the contingent liabilities to net assets ratio not exceeding 70%, (iii) the actual earnings received from property projects not below 30% of the estimated amount, (iv) reductions in credit ratings, and (v) early repayment of principal to be triggered when 60% of the gross saleable area for the relevant property project is sold. In the event we fail to comply with the financial covenants in the loans, the relevant lending bank will be entitled to demand additional guarantees under the loans and if we cannot provide additional guarantees to the satisfaction of the lending banks, it may be entitled to accelerate payments under the loan.

As of the date of this exchange offer memorandum, none of our subsidiaries are currently not in compliance with the financial covenants under our bank loans.

Dividend Restrictions

Pursuant to the PRC bank loans with certain of our lenders, some of our PRC subsidiaries have also agreed not to declare or make payment of dividends or other distributions (i) if profit after tax in the relevant fiscal year is insufficient to offset accumulated losses from previous years or if the relevant subsidiary cannot make timely payments of principal or interest after the dividend payments; (ii) before the relevant PRC loans are fully repaid; or (iii) exceeding a certain percentage of their respective after-tax net profit or total undistributed profit for the year, in each case without prior consent from the lenders.

Events of Default

Our PRC bank loan agreements contain certain customary events of default, such as failure to pay the amount payable on the due date, unauthorized use of loan proceeds, failure to obtain the lender's approval for an act that requires its approval, material breach of the terms of the loan agreement and acceleration of repayment obligations under other loan or financing documents. Upon the occurrence of an event of default, the lenders may terminate the loan agreement and demand immediate repayment of principal of the loan and any accrued but unpaid interests and other application compensation.

Contingent Liabilities

We make arrangements with PRC commercial banks so that such banks may provide mortgage facilities to our customers to purchase our properties. In accordance with market practice, we are required to provide guarantees to these banks in respect of mortgages provided to our customers. Guarantees for such mortgages are generally discharged at the earlier of: (i) the due registration of the mortgage interest held by the commercial bank upon the subject property, or (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers. In addition, we are required by the banks to place a security deposit to secure our guarantee obligations. If a purchaser defaults on the mortgage loan, we are typically required to purchase the underlying property by paying off the mortgage loan along with any accrued and unpaid interest and any applicable penalty as set forth in the underlying loan agreement. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. Such amount may also be settled through withholding the security deposit we place with the banks. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As of June 30, 2022, our maximum amount of guarantees provided to banks for mortgage facilities granted to our customers amounted to RMB3,138.4 million (US\$468.6 million).

The May 2023 Notes

On May 23, 2022, we entered into an indenture (as amended and supplemented from time to time, the "May 2023 Notes Indenture") pursuant to which we issued 12% Senior Notes due 2023 (the "May 2023 Notes"). As of the date of this exchange offer memorandum, an aggregate principal amount of US\$75.0 million of the May 2023 Notes are outstanding.

Guarantee

Our obligations under the May 2023 Notes are guaranteed by our existing subsidiaries (the “May 2023 Notes Subsidiary Guarantors”) other than those organized under the laws of the PRC and certain other subsidiaries specified in the May 2023 Notes Indenture. Under certain circumstances and subject to certain conditions, a guarantee by a May 2023 Notes Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV Subsidiary Guarantee in the May 2023 Notes Indentures. Each of the May 2023 Notes Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the May 2023 Notes.

Interest

The May 2023 Notes bear an interest rate of 12% per annum, payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the May 2023 Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- 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 May 2023 Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the May 2023 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the May 2023 Notes Indenture. If an event of default occurs and is continuing, the trustee under the May 2023 Notes Indenture or the holders of at least 25% of the outstanding May 2023 Notes may declare the principal of the May 2023 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control

Upon the occurrence of a certain event of change of control, we are obligated to make an offer to repurchase all outstanding May 2023 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the May 2023 Notes is May 22, 2023.

At any time prior to May 22, 2023, we may at our option redeem the May 2023 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the May 2023 Notes redeemed plus certain 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 May 22, 2023, we may redeem up to 35% of the principal amount of the May 2023 Notes at a redemption price equal to 12.0% of the principal amount of the May 2023 Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, with the proceeds from sales of certain kinds of the Company's capital stock, subject to certain conditions.

Additionally, if we or a subsidiary guarantor under the May 2023 Notes Indenture would become obligated to pay certain additional amounts as a result of certain changes in specified tax law, we may redeem the May 2023 Notes at a redemption price equal to 100% of the principal amount of the May 2023 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

The October 2023 Notes

On October 12, 2021, we entered into an indenture (as amended and supplemented from time to time, the "October 2023 Notes Indenture") pursuant to which we issued 13.85% Senior Notes due 2023. As of the date of this exchange offer memorandum, an aggregate principal amount of US\$303.6 million of the October 2023 Notes are outstanding.

Guarantee

Our obligations under the October 2023 Notes are guaranteed by our existing subsidiaries (the “Existing Notes Subsidiary Guarantors”) other than those organized under the laws of the PRC and certain other subsidiaries specified in the October 2023 Notes Indenture. Under certain circumstances and subject to certain conditions, a guarantee by a Existing Notes Subsidiary Guarantor may be replaced by a limited-recourse guarantee, referred to as a JV Subsidiary Guarantee in the Existing Notes Indentures. Each of the Existing Notes Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal, any premium, and interest on, and all other amounts payable under, the Existing Notes.

Interest

The Existing Notes bear an interest rate of 13.85% per annum, payable semi-annually in arrears.

Covenants

Subject to certain conditions and exceptions, the October 2023 Notes Indenture contains certain covenants, restricting us and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- 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 October 2023 Notes Indenture contains certain customary events of default, including default in the payment of principal, or of any premium, on the October 2023 Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the October 2023 Notes Indenture. If an event of default occurs and is continuing, the trustee under the October 2023 Notes Indenture or the holders of at least 25% of the outstanding Existing Notes may declare the principal of the October 2023 Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Change of Control

Upon the occurrence of a certain event of change of control and a rating decline, we are obligated to make an offer to repurchase all outstanding October 2023 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the October 2023 Notes is October 12, 2023.

At any time prior to October 12, 2023, we may at our option redeem the October 2023 Notes, in whole but not in part, at a redemption price equal to 102.6% of the principal amount of the October 2023 Notes redeemed plus certain premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to October 12, 2023, we may redeem up to 35% of the principal amount of the October 2023 Notes at a redemption price equal to 113.85% of the principal amount of the October 2023 Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, with the proceeds from sales of certain kinds of the Company's capital stock, subject to certain conditions.

Additionally, if we or a subsidiary guarantor under the Existing Notes Indentures would become obligated to pay certain additional amounts as a result of certain changes in specified tax law, we may redeem the Existing Notes at a redemption price equal to 100% of the principal amount of the Existing Notes, plus any accrued and unpaid interest, subject to certain exceptions.

DESCRIPTION OF THE NEW NOTES

For purposes of this “Description of the New Notes,” the term “Company” refers only to Guangdong — Hong Kong Greater Bay Area Holdings Limited, and any successor obligor on the Notes, and not to any of its Subsidiaries, and the term “Notes” only refer to the New Notes issued by the Company. Each Subsidiary of the Company which Guarantees the Notes (other than a JV Subsidiary Guarantor) is referred to as a “Subsidiary Guarantor,” and each such Guarantee is referred to as a “Subsidiary Guarantee.” Each Subsidiary of the Company that in the future provides a JV Subsidiary Guarantee (as defined below) is referred to as a “JV Subsidiary Guarantor.”

The Notes are to be issued under an indenture (the “Indenture”), to be dated as of the Original Issue Date, among the Company, the Subsidiary Guarantors, as guarantors, and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司), as trustee (the “Trustee”).

The following is a summary of certain material provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection upon prior written request and proof of holding and identity to the satisfaction of the Trustee, during usual business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) on or after the Original Issue Date at the corporate trust office of the Trustee at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong.

Brief Description of the Notes

The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with all other unsecured and unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any, on a senior basis, subject to the limitations described below under the caption “— The Subsidiary Guarantees and the JV Subsidiary Guarantees” and in “Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees”;

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

The Notes are issued on the Original Issue Date. The Notes will mature on the same date (a “monthiversary”) falling on the 36th month from the Original Issue Date (the “Maturity Date”), unless earlier redeemed pursuant to the terms thereof and the Indenture.

The Indenture allows additional notes (other than any increase in the principal of the Notes as a result of payment of the PIK Interest) to be issued from time to time (the “Additional Notes”), subject to certain limitations described under “— Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the New Notes” include any Additional Notes that are actually issued.

Interest

Subject to the section entitled “Events of Default” below, the Notes will bear interest at 7.0% per annum:

- from (and including) the Original Issue Date to (but excluding) the date falling on the 12th month monthiversary from the Original Issue Date (the “12th Month Monthiversary Date”), (A) 65% of which (rounded up to the nearest US\$1) shall be capitalized and added to the then current outstanding principal amount of the Notes semi-annually each year (each, a “PIK Interest Payment Date” and such capitalized interest, the “PIK Interest”), and (B) 35% of which (rounded up to the nearest US\$1) shall be payable in cash, in arrears semi-annually each year; and
- from (and including) the 12th Month Monthiversary Date to (but excluding) the Maturity Date, which shall be payable in cash, in arrears semi-annually each year (each, a “Cash Interest Payment Date,” together with the PIK Interest Payment Date, the “Interest Payment Dates” and each an “Interest Payment Date”) and on the Maturity Date.

Subject to the foregoing, interest on the Notes will be paid to the Holders of record at the close of business on the fifteenth calendar day immediately preceding an Interest Payment Date (each, a “Record Date”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. So long as the Notes are held in global form, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except December 25 and January 1. Interest on the Notes will be calculated on the basis of a 360-day year composed of twelve 30-day months.

Payment of the PIK Interest will increase the principal amount of the Notes in an amount equal to the PIK Interest for the applicable interest period (rounded up to the nearest US\$1) on the Record Date. Following an increase in the principal amount of the Notes, the Notes will bear interest on the increased principal amount thereof, from and after the applicable PIK Interest Payment Date on which payment of the relevant PIK Interest is made.

In any case in which the date of the payment of principal of, premium, if any, or interest on the Notes is not a Business Day in the relevant place of payment, or in the place of business of the Paying Agent, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such date.

The Notes will be issued only in fully registered form, without coupons, in denominations of US\$150,000 and integral multiples of US\$1 in excess thereof, except that any Notes created as a result of payment of the PIK Interest may be issued in minimum denominations of US\$1. No service charge will be made for any registration of transfer or exchange of Notes, but the Company may require payment by the Holders of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars by wire transfer by the Company at the office or agency of the Company maintained for that purpose (which initially will be the specified office of the Paying Agent currently located at 20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) and the Notes may be presented for registration of transfer or exchange at such office or agency; **provided that**, if the Notes are in certificated form and the Company acts as its own paying agent, at the option of the Company, payment of interest may be made by wire transfer or by check mailed to the address of the Holders as such address appears in the Note register. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants on the Business Day following payment thereof.

The Subsidiary Guarantees and the JV Subsidiary Guarantees

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will be Hongkong Hydoo Holding Limited (香港毅德控股有限公司), Trade Logistics Enterprises Limited (業運企業有限公司), Abundant Idea Investments Limited (訊溢投資有限公司), Hongkong China Hydoo Logistic Limited (香港中國毅德物流有限公司), Hongkong Deshang Bright Ocean Limited (香港德尚時光海有限公司), Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司), Copious Epoch Limited (世溢有限公司), Union Capital Holdings Limited (滙聯集團有限公司), Jiayue Limited (佳粵有限公司) and Hongkong Hydoo Financial Holding Limited (香港毅德金融控股有限公司). These Subsidiary Guarantors consist of all of the Company's Restricted Subsidiaries other than the Non-Guarantor Subsidiaries. None of the Company's other Restricted Subsidiaries organized outside of the PRC (the "Initial Other Non-Guarantor Subsidiary") and the Restricted Subsidiaries organized under the laws of the PRC (collectively, the "PRC Non-Guarantor Subsidiaries," and together with the Initial Other Non-Guarantor Subsidiary, the "Initial Non-Guarantor Subsidiaries") will be a Subsidiary Guarantor on the Original Issue Date.

No future Restricted Subsidiaries organized under the laws of the PRC, any Exempted Subsidiary or Listed Subsidiary will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. Although the Indenture contains limitations on the amount of additional Indebtedness that Restricted Subsidiaries (including Non-Guarantor Subsidiaries) may incur, the amount of such additional Indebtedness could be substantial. In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, such Non-Guarantor Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company.

In the case of a Restricted Subsidiary that is, or is proposed by the Company or any Restricted Subsidiary to be, established after the Original Issue Date or any entity (1) that is incorporated in any jurisdiction other than the PRC and (2) in respect of which the Company or any Restricted Subsidiary (x) in the case of a Restricted Subsidiary, is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20.0% of the Capital Stock of such Restricted Subsidiary or (y) in the case of any other entity, is proposing to purchase the Capital Stock of such entity such that it becomes a Subsidiary and designate such entity as a Restricted Subsidiary, the Company may (in each case, to the extent such Restricted Subsidiary is not an Exempted Subsidiary, a Listed Subsidiary or incorporated in the PRC), concurrently with such sale or purchase, provide a JV Subsidiary Guarantee instead of a Subsidiary Guarantee for (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries of such Restricted Subsidiary that are organized in any jurisdiction other than the PRC (other than Exempted Subsidiaries or Listed Subsidiaries), if the following conditions, in the case of both (a) and (b), are satisfied:

- as of the date of execution of the JV Subsidiary Guarantee (as defined below), no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (i) prohibiting the Company or any of the Restricted Subsidiaries from providing such JV Subsidiary Guarantee or (ii) requiring the Company or any of the Restricted Subsidiaries to deliver or keep in place a Guarantee on terms that are more favorable to the recipients of such Guarantee than the JV Subsidiary Guarantee;
- such sale or issuance of Capital Stock is made to, or such purchase of Capital Stock is made from, an Independent Third Party at a consideration that is not less than (in the case of a sale or issuance) or no more than (in the case of a purchase) the Fair Market Value of such Capital Stock; and
- concurrently with providing the JV Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee (the “JV Subsidiary Guarantee”) of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC (other than Exempted Subsidiaries or Listed Subsidiaries), and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor and each such Restricted Subsidiary of such JV Subsidiary Guarantor will Guarantee the payment of the Notes, each of which provides, among other

things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the applicable JV Entitlement Amount;

- (ii) an Officers' Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
- (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantees are valid, binding and enforceable against the JV Subsidiary Guarantors providing such JV Subsidiary Guarantees (subject to customary qualifications and assumptions).

The Subsidiary Guarantee of each Subsidiary Guarantor:

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

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

- will be a general obligation of such JV Subsidiary Guarantor;
- will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be enforceable only up to the JV Entitlement Amount;
- will be effectively subordinated to secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; and

- will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to the JV Entitlement Amount, and will rank at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law).

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

In the case of a Subsidiary Guarantor with respect to which the Company or any Restricted Subsidiary is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20.0% of the Capital Stock of such Subsidiary Guarantor, the Company may concurrently with the consummation of such sale or issuance of Capital Stock, (a) instruct the Trustee to release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, and upon such release such Subsidiary Guarantor and its Restricted Subsidiaries organized outside the PRC will become New Non-Guarantor Subsidiaries (such that they will no longer Guarantee the Notes), **provided that** after the release of such Subsidiary Guarantees, the Consolidated Assets of all Other Non-Guarantor Subsidiaries (including the New Non-Guarantor Subsidiaries but other than Exempted Subsidiaries or Listed Subsidiaries) do not account for more than 15.0% of Total Assets. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if as of the date of such proposed release, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or any of the Restricted Subsidiaries from releasing such Subsidiary Guarantee or (b) requiring the Company or such Subsidiary Guarantor to deliver or keep in place a Guarantee of other Indebtedness of the Company by such Subsidiary Guarantor.

Each Restricted Subsidiary that Guarantees the Notes after the Original Issue Date other than a JV Subsidiary Guarantor is referred to as a “Future Subsidiary Guarantor” and upon execution of the applicable supplemental indenture to the Indenture will be a “Subsidiary Guarantor.”

Under the Indenture and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will jointly and severally Guarantee the due and punctual payment of the principal of, premium, if any, and interest on,

and all other amounts payable under, the Notes and the Indenture; **provided that** any JV Subsidiary Guarantee provided by any JV Subsidiary Guarantor will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to the applicable JV Entitlement Amount. The Subsidiary Guarantors and JV Subsidiary Guarantors will (1) agree that their respective obligations under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be made in U.S. dollars.

Under the Indenture, and any supplemental indenture thereto, as applicable,

- each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be Guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to insolvency, fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally; and
- each JV Subsidiary Guarantee provided by any JV Subsidiary Guarantor will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to an amount which is the lower of (i) the applicable JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can be Guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

If a Subsidiary Guarantee or JV Subsidiary Guarantee were to be rendered void or voidable, it could be rendered ineffective or subordinated by a court to all other indebtedness (including Guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, and, depending on the amount of such indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee or a JV Subsidiary Guarantor's liability on its JV Subsidiary Guarantee, as the case may be, could in each case be reduced to zero.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. Similarly, the obligations of each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. The Guarantee of a Subsidiary Guarantor or a JV Subsidiary Guarantor may be voided or subject to review under applicable insolvency or fraudulent transfer laws, or subject to a lawsuit by or on behalf of creditors of such Subsidiary Guarantor or JV Subsidiary

Guarantor. See “Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees — The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable financial assistance, insolvency, corporate benefit or fraudulent transfer or unfair preference laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees.”

Release of the Subsidiary Guarantees and JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under “— Defeasance — Defeasance and Discharge”;
- in the case of a Subsidiary Guarantee, upon the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee in compliance with the terms of the Indenture;
- in the case of a JV Subsidiary Guarantee, upon the replacement of such JV Subsidiary Guarantee with a Subsidiary Guarantee in compliance with the terms of the Indenture;
- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture;
- upon the sale, merger or disposition of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, in compliance with the terms of the Indenture (including the covenants described under the captions “Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “Certain Covenants — Limitation on Asset Sales,” “Certain Covenants — Mandatory Redemption Upon Specified Asset Sales” and “Consolidation, Merger and Sale of Assets”) resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company’s other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale, merger or disposition are used for the purposes permitted or required by the Indenture; or
- in the case of a Subsidiary Guarantor that becomes a New Non-Guarantor Subsidiary, in compliance with the terms of the Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released following the sale or issuance by the Company or any Restricted Subsidiary of Capital Stock in (a) such Subsidiary Guarantor or (b) any other Subsidiary Guarantor that, directly or indirectly, owns a

majority of the Capital Stock of such Subsidiary Guarantor, in each case where such sale or issuance, whether through the sale of existing shares or the issuance of new shares, is for no less than 20.0% of the issued Capital Stock of the relevant Subsidiary Guarantor, **provided that** the following conditions are satisfied or complied with:

- as of the date of such proposed release, no document exists that is binding on the Company or any Restricted Subsidiary that would have the effect of (i) prohibiting the Company or any Restricted Subsidiary from releasing such Subsidiary Guarantee, (ii) prohibiting the Company or any Restricted Subsidiary from providing such JV Subsidiary Guarantee or (iii) requiring the Company or any Restricted Subsidiary to deliver or keep in force a replacement Guarantee on terms that are more favorable to the recipients of such Guarantee than the JV Subsidiary Guarantee;
- such sale or issuance of Capital Stock is made to an Independent Third Party at a consideration that is not less than the Fair Market Value of such Capital Stock; and
- concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC (other than Exempted Subsidiaries or Listed Subsidiaries) and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will Guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Holders and the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the applicable JV Entitlement Amount;
 - (ii) an Officers' Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
 - (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor (including where such sale results in the relevant Subsidiary Guarantor ceasing to be a Restricted Subsidiary) will need to comply with the other covenants set forth in the Indenture, including, without limitation, the "Limitation on Asset Sales," "Mandatory Redemption Upon Specified Asset Sales" and "Limitation on Restricted Payments" covenants.

Any Net Cash Proceeds from the sale or issuance of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the “Limitation on Asset Sales” or “Mandatory Redemption Upon Specified Asset Sales” covenant.

As of the date of the Indenture, all of the Company’s Subsidiaries will be “Restricted Subsidiaries.” However, under the circumstances described below under the caption “— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries,” the Company will be permitted to designate certain of its Subsidiaries as “Unrestricted Subsidiaries.” The Company’s Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Company’s Unrestricted Subsidiaries will not Guarantee the Notes.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee, as the case may be, shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officers’ Certificate stating that all requirements and conditions precedent relating to such release under the Indenture have been complied with and that such release is authorized and permitted by the Indenture.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and the JV Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price, the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a “Further Issue”) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; **provided that** the issuance of any such Additional Notes shall then be permitted under the “Limitation on Indebtedness and Preferred Stock” covenant described below.

Mandatory Redemption

On the date that is the 18th month monthiversary from the Original Issue Date (the “18th Month Monthiversary Date”), the Company shall redeem the Notes having a principal amount equal to the First Redemption Amount, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the accrued and unpaid interest on such Notes to (but excluding) the 18th Month Monthiversary Date; **provided that** if the First Redemption Amount is nil or a negative number, the Company shall not be required to redeem any Notes pursuant to this paragraph.

On the 24th month monthiversary from the Original Issue Date (the “24th Month Monthiversary Date”), the Company shall redeem the Notes in the principal amount equal to the Second Redemption Amount, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the accrued and unpaid interest on such Notes to (but excluding) the 24th Month Monthiversary Date; **provided that** if the Second Redemption Amount is nil or a

negative number, the Company shall not be required to redeem any Notes pursuant to this paragraph.

On the date that is the 30th month anniversary from the Original Issue Date (the “30th Month Anniversary Date”), the Company shall redeem the Notes in the principal amount equal to the Third Redemption Amount, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the accrued and unpaid interest on such Notes to (but excluding) the 30th Month Anniversary Date; **provided that** if the Third Redemption Amount is nil or a negative number, the Company shall not be required to redeem any Notes pursuant to this paragraph.

A Note of US\$150,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any certificated Note, a new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on the Notes or portions of them called for redemption.

Neither the Trustee nor the Paying Agent is responsible for calculating or verifying any amount payable under “Mandatory Redemption.”

Optional Redemption

At any time and from time to time prior to the Maturity Date, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The Company will give not less than 30 days’ nor more than 60 days’ notice of any redemption to the Holders and the Trustee. If less than all of the Notes are to be redeemed, the Notes will be selected for redemption as follows:

- (1) if the Notes are listed on any securities exchange, in compliance with the requirements of the principal securities exchange on which the Notes are then listed (if any), and/or any applicable requirements of the clearing systems through which the Notes are held; or
- (2) if the Notes are not listed on any securities exchange and are not held through the clearing systems, on a pro rata basis, or by such other method selected by the Trustee in its sole and absolute discretion, unless otherwise required by law.

A Note of US\$150,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any certificated Note, a Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

If a redemption of the Notes under this “Optional Redemption” section occurs before the 12th Month Monthiversary Date, the Company shall pay in cash accrued and unpaid interest (including the PIK Interest) on the Notes being purchased from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) to (but excluding) such redemption date.

Repurchase of Notes upon a Change of Control

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

If an Offer to Purchase Payment Date under this “Repurchase of Notes upon a Change of Control” section occurs before the 12th Month Monthiversary Date, the Company shall pay in cash accrued and unpaid interest (including the PIK Interest) on the Notes being purchased from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) to (but excluding) such Offer to Purchase Payment Date.

The Company has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit the repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company’s failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control under the Notes may also constitute an event of default under certain debt instruments of the Company and its Subsidiaries. Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a Change of Control; (2) provide that a Change of Control is a default; or (3) require repurchase of such debt upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control itself does not, due to the financial effect of the purchase on the Company. The Company’s ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Company’s and the Subsidiary Guarantors’ then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See “Risk Factors — Risks Relating to the New Notes — We may not be able to repurchase the New Notes upon a Change of Control.”

The definition of Change of Control includes a phrase relating to the sale of “all or substantially all” the assets of the Company. Although there is a limited body of case law interpreting the phrase “substantially all,” no precise definition of the phrase has been established. Accordingly, the ability of a Holder of Notes to require the Company to repurchase

such Holder's Notes as a result of a sale of less than all the assets of the Company to another person or group is uncertain and will be dependent upon particular facts and circumstances and the relevant jurisdiction or jurisdictions in which this phrase is interpreted.

Notwithstanding the above, the Company will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the same manner at the same time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require the Company to repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

No Sinking Fund

There will be no sinking fund payments for the Notes.

Additional Amounts

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

- (a) for or on account of:
 - (i) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (A) the existence of any present or former connection between the Holder or beneficial owner of such Note, Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, or, if the Holder is a trust, partnership, limited liability company or a corporation, its beneficiaries, partners,

members or shareholders, and the Taxing Jurisdiction, other than merely holding such Note, Subsidiary Guarantee or JV Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Taxing Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

- (B) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30 day period;
 - (C) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person, any Subsidiary Guarantor or any JV Subsidiary Guarantor addressed to the Holder or beneficial owner, as the case may be, to provide any certification, identification, information and documents concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Taxing Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner; or
 - (D) the presentation of such Note (where presentation is required) for payment in the Taxing Jurisdiction, unless such Note could not have been presented for payment elsewhere;
- (ii) any estate, inheritance, gift, sale, excise, transfer, personal property or similar tax, assessment or other governmental charge;
 - (iii) any tax, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments of principal, premium (if any) and interest on the Notes or from payments under the Subsidiary Guarantees or JV Subsidiary Guarantees (if any);
 - (iv) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended ("FATCA"), any current or future Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction pursuant to the implementation of FATCA, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement with respect thereto, or any other agreement pursuant to the implementation of FATCA; or

- (v) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii), (iii) and (iv).
- (b) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Taxing Jurisdiction, for tax purposes, of a beneficiary or settlor, with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, person or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee or JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, at any time, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and upon reasonable notice in advance of such notice to Holders to the Trustee and the Paying Agent, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or
- (2) any change in, or amendment to, an existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective or an official position is announced (a) in the case of the Company, Surviving Person and any initial Subsidiary Guarantor on or after the Original Issue Date, or (b) in the case of a Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company, Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, a Surviving Person, a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be; **provided that** changing the jurisdiction of the Company, a Subsidiary Guarantor or Surviving Person is not a reasonable measure for purposes of this section; provided further that no such notice of redemption shall be given earlier than 90

days prior to the earliest date on which the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

- (a) an Officers' Certificate stating that such change or amendment or statement of an official position referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, such Surviving Person, Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, by taking reasonable measures available to it; and
- (b) an Opinion of Counsel or an opinion of a tax consultant of recognized standing with respect to tax matters in the Relevant Jurisdiction to the effect that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph exists.

If a redemption of the Notes under this "Redemption for Taxation Reasons" section occurs before the 12th Month Monthiversary Date, the Company shall pay in cash accrued and unpaid interest (including the PIK Interest) on the Notes being redeemed from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) to (but excluding) such redemption date.

The Trustee shall and shall be entitled to rely on conclusively and accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed pursuant to the provisions under the caption "— Redemption for Taxation Reasons" will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

- (a) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Company will not permit any Restricted Subsidiary to issue Preferred Stock, **provided that** the Company or any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 2.0 to 1.0. Notwithstanding the foregoing, the

Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock of Restricted Subsidiaries held by the Company or a Subsidiary Guarantor, so long as it is so held).

- (b) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following (“Permitted Indebtedness”):
- (1) Indebtedness under the Notes (including any increase in the principal amount of the Notes as a result of payment of the PIK Interest, but excluding any Additional Notes and any Indebtedness Guaranteed by *Pari Passu* Guarantee) and each Subsidiary Guarantee and JV Subsidiary Guarantee;
 - (2) any *Pari Passu* Guarantee;
 - (3) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (b)(4) of this “— Limitation on Indebtedness and Preferred Stock” covenant; **provided that** such Indebtedness of Restricted Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness;
 - (4) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; **provided that** (x) any event which results in any such Restricted Subsidiary to whom such Indebtedness is owed ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (4), (y) if the Company is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Notes, and if a Subsidiary Guarantor or a JV Subsidiary Guarantor is the obligor on such Indebtedness and the Company is not the obligee, such Indebtedness must be unsecured and expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be;
 - (5) Indebtedness (“Permitted Refinancing Indebtedness”) of the Company or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the immediately preceding paragraph (a) or clause (1), (2), (3), (8), (15), (16), (17), (18), (20), (21), (22) or (23) of this paragraph (b) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); **provided that** (i) Indebtedness the proceeds of which are used to refinance the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes, a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be

permitted under this clause (5) if (x) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes, a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued and remains outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced; (iii) in no event may Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause (5) by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor; and (iv) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor;

- (6) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Company or any of its Restricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities and not for speculation;
- (7) Pre-Registration Mortgage Guarantees by the Company or any Restricted Subsidiary;
- (8) Indebtedness Incurred by the Company or any Restricted Subsidiary:
 - (i) representing Capitalized Lease Obligations to be used in the ordinary course of business by the Company or a Restricted Subsidiary in the Permitted Business; or
 - (ii) for the purpose of financing (x) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or a Restricted Subsidiary in the Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such assets, real or personal property or equipment which will, upon acquisition, become a Restricted Subsidiary, or (y) all or any part of the purchase price or the cost of development, construction or improvement of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or such Restricted Subsidiary in the Permitted Business;

provided that, in the case of clause (ii), (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price, cost or payment, as the case may be, and (B) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such assets, property or equipment or completion of such development, construction or improvement and, in the case of clauses (i) and (ii), (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (8) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under this clause (8) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) and (2) the aggregate principal amount of all outstanding Indebtedness Incurred and Preferred Stock Issued under clauses (16), (17), (18), (20), (21), (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness), does not exceed an amount equal to 30.0% of Total Assets;

- (9) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);
- (10) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;
- (11) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; **provided that** the maximum aggregate liability in respect of all such Indebtedness in the nature of such Guarantee shall at no time exceed the gross proceeds actually received from the disposition of such business, assets or Restricted Subsidiary;
- (12) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business provided however, that such Indebtedness is extinguished within five Business Days of Incurrence;
- (13) (i) Guarantees by the Company or any Subsidiary Guarantor of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant, (ii) Guarantees by any Restricted Subsidiary of

Indebtedness of another Restricted Subsidiary that was permitted to be Incurred under another provision of this covenant or (iii) Guarantees by any JV Subsidiary Guarantor of Indebtedness of any other JV Subsidiary Guarantor that is a direct or indirect Subsidiary or parent of such JV Subsidiary Guarantor, which Indebtedness was permitted to be Incurred by another provision of this covenant;

- (14) Indebtedness of the Company or any Restricted Subsidiary with a maturity of one year or less used by the Company or any Restricted Subsidiary for working capital; **provided that** the aggregate principal amount of Indebtedness permitted by this clause (b)(14) at any time outstanding (together with refinancings thereof) does not exceed US\$25.0 million (or the Dollar Equivalent thereof);
- (15) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$20.0 million (or the Dollar Equivalent thereof);
- (16) Bank Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary; **provided that**, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (16) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock Issued pursuant to clause (8) above and clauses (17), (18), (20), (21), (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;
- (17) Indebtedness Incurred or Preferred Stock issued by the Company or any Restricted Subsidiary arising from any Investment made by a Trust Company Investor in a Restricted Subsidiary; **provided that**, on the date of Incurrence of such Indebtedness or issuance of such Preferred Stock and after giving effect thereto, the sum of (1) the aggregate amount outstanding of all Indebtedness Incurred and Preferred Stock Issued under this clause (17) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred pursuant to clauses (8) and (16) above and clauses (18), (20), (21), (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;
- (18) Indebtedness Incurred by any Restricted Subsidiary which is secured by Investment Properties or other properties owned and held by any Restricted Subsidiary for office use; **provided that**, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all

such Indebtedness Incurred pursuant to this clause (18) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued pursuant to clauses (8), (16) and (17) above and clauses (20), (21), (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 30.0% of Total Assets;

- (19) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into and becomes obligated to pay such deferred purchase price pursuant to such Staged Acquisition Agreement;
- (20) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting a Guarantee of Indebtedness of any Person (other than the Company or any Restricted Subsidiary) by the Company or such Restricted Subsidiary; **provided that**, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (20) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock Issued pursuant to clauses (8), (16), (17), and (18) above and clauses (21), (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;
- (21) Acquired Indebtedness Incurred of any Person that becomes a Restricted Subsidiary Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which such person becomes a Restricted Subsidiary or (B) otherwise in contemplation of such Person becoming a Restricted Subsidiary or any such acquisition); **provided that**, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (21) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock Issued pursuant to clauses (8), (16), (17), (18) and (20) above and clauses (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee

Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;

- (22) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Minority Interest Staged Acquisition Agreement, to the extent such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into and becomes obligated to pay such deferred purchase price pursuant to such Minority Interest Staged Acquisition Agreement; **provided that**, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (22) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock Issued pursuant to clauses (8), (16), (17), (18), (20) and (21) above and clause (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets; and
- (23) Indebtedness of the Company or any Restricted Subsidiary under Credit Facilities; **provided that**, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (23) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock Issued pursuant to clauses (8), (16), (17), (18), (20), (21) and (22) above (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets.
- (c) For purposes of determining compliance with this “Limitation on Indebtedness and Preferred Stock” covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first paragraph, the Company, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness in one or more types of Indebtedness described above.
- (d) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred or Preferred Stock that may be issued pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness or Preferred Stock due solely to the result of fluctuations in the exchange rates of currencies.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as “Restricted Payments”):

- (1) declare or pay any dividend or make any distribution on or with respect to the Company’s or any of the Restricted Subsidiaries’ Capital Stock (other than dividends or distributions payable or paid in shares of the Company’s or such Restricted Subsidiary’s Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) or any direct or indirect parent of the Company held by any Persons other than the Company or any Restricted Subsidiary, other than the purchase of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement;
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any of the Subsidiary Guarantees or any of the JV Subsidiary Guarantees (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries); or
- (4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

- (A) a Default shall have occurred and is continuing or would occur as a result of such Restricted Payment;
- (B) the Company could not Incur at least US\$1.00 of Indebtedness under the provision in the first paragraph of the covenant under the caption “— Limitation on Indebtedness and Preferred Stock”; or

(C) such Restricted Payment, together with the aggregate amount of all (1) Restricted Payments made by the Company and its Restricted Subsidiaries after the Original Issue Date and (2) payments made by the Company and its Restricted Subsidiaries after the Measurement Date but on or before the Original Issue Date that would have been Restricted Payments had they been made after the Original Issue Date (excluding, for the avoidance of doubt, Restricted Payments permitted by clauses (2) to (8) and (10) to (13) of the immediately following paragraphs), shall exceed the sum (without duplication) of:

- (1) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2015 and ending on the last day of the Company's most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); plus
- (2) 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Restricted Subsidiary of the Company, including any such Net Cash Proceeds received upon (x) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (y) the exercise by a Person who is not a Restricted Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock) in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; plus
- (3) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Restricted Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); plus
- (4) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person or other transfer of properties (with respect to transfer of properties, the amount of reduction shall be the lower of (x) such net reduction as recorded under GAAP and (y) the Fair Market Value of such properties at the time of such transfer), in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Measurement Date, (B) the unconditional release of a Guarantee provided by the Company or a Restricted

Subsidiary after the Measurement Date of an obligation of another Person, (C) to the extent that an Investment made after the Measurement Date was, after such date, or is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, or (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person; plus

- (5) US\$20.0 million (or the Dollar Equivalent thereof using the Measurement Date as the date of determination).

The foregoing provision shall not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) the redemption, repurchase or other acquisition of Capital Stock of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or a substantially concurrent sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); **provided that** the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(2) of the preceding paragraph;
- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); **provided that** the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(2) of the preceding paragraph;

- (5) any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favorable to the Company to all holders of any class of Capital Stock of such Restricted Subsidiary;
- (6) repurchases of Capital Stock deemed to occur upon the exercise of stock options if such Capital Stock represents a portion of the exercise price thereof;
- (7) payments made under a Staged Acquisition Agreement to acquire the Capital Stock of a Person **provided that**, such Person becomes a Restricted Subsidiary on or before the last date in the period stipulated in such Staged Acquisition Agreement for which the purchase price can be made (such date not to exceed 12 months from the date the Staged Acquisition Agreement was entered into) (the “Deadline Date”); **provided further that**, in the event such Person does not become a Restricted Subsidiary on or before the Deadline Date, all payments previously made under this clause (7) shall be aggregated and constitute Restricted Payments made on the Deadline Date and such Restricted Payments must satisfy the other conditions under this covenant;
- (8) dividends paid to, or the purchase of the Capital Stock of any Restricted Subsidiary (as the case may be) held by, any Trust Company Investor in respect of any Indebtedness or Preferred Stock outstanding on the Original Issue Date or permitted to be Incurred under paragraph (b)(17) of the “Limitation on Indebtedness and Preferred Stock” covenant;
- (9) the declaration and payment of dividends on, or the redemption, repurchase or other acquisition of, the Common Stock of the Company by the Company in an aggregate amount not to exceed 20.0% of profit for the year based on the consolidated financial statements of the Company for the immediately prior fiscal year;
- (10) the purchase by the Company or a Restricted Subsidiary of Capital Stock of any Restricted Subsidiary that is not Wholly Owned, directly or indirectly, by the Company from an Independent Third Party pursuant to an agreement entered into between/among the Company or any Restricted Subsidiary and such Independent Third Party solely for the purpose of acquiring real property or land use rights, **provided that** (x) such purchase occurs within 12 months after Restricted Subsidiary acquires the real property or land use rights it was formed to acquire and (y) the Company delivers to the Trustee a Board Resolution set forth in an Officers’ Certificate confirming that, in the opinion of the Board of Directors, the purchase price of such Capital Stock is at least equal to the Fair Market Value of such Capital Stock;
- (11) the distributions or payments of Securitization Fees in connection with Receivable Financing permitted under the Indenture;

- (12) (A) the repurchase, redemption or other acquisition or retirement for value of the Capital Stock of the Company or any Restricted Subsidiary (directly or indirectly, including through any trustee, agent or nominee) in connection with an employee benefit plan, and any corresponding Investment by the Company or any Restricted Subsidiary in any trust or similar arrangements to the extent of such repurchased, redeemed, acquired or retired Capital Stock, or (B) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); **provided that** the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock for any fiscal year shall not exceed US\$3.0 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination); or
- (13) the payment of any dividend or distribution payable or paid solely in Capital Stock (other than Disqualified Stock or Preferred Stock) of any Unrestricted Subsidiary or in options, warrants or other rights to acquire shares of such Capital Stock;

provided that, in the case of clause (2), (3), (4) or (9) of this paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities (other than any Restricted Payment set forth in clauses (5) through (13) above) must be based upon an opinion or appraisal issued by an Independent Financial Advisor if the Fair Market Value exceeds US\$20.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment (other than any Restricted Payments set forth in clause (5) through (13) above) in an amount in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Company will deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this covenant under the caption "— Limitation on Restricted Payments" were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien on any Specified Assets (other than any existing Lien as of the Original Issue Date or any Specified Asset Permitted Liens).

The Company will not, and will not permit any of its Restricted Subsidiaries to directly or indirectly incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired (other than the Specified Assets), except Permitted Liens, unless the Notes are equally and ratably secured by such Lien.

In the event that one or more Liens (and documents relating thereto) are to be established or maintained to effect equal and ratable security arrangements in respect of the Notes (as contemplated under the preceding paragraph) with regards to Indebtedness proposed to be or previously Incurred by the Company or any Subsidiary Guarantor in compliance with the terms of the Indenture, the Company may instruct the Trustee to directly, or through its Affiliates (in its capacity as Trustee or that of a collateral agent on such terms as it shall require) and without the consent of any Holders, (a) enter into one or more intercreditor agreements, pledge agreements, collateral and security agreements or other arrangements intended to effect the shared security arrangements contemplated by this paragraph among holders of such Indebtedness and (b) complete or facilitate the completion by itself or other parties of filings, registrations or other actions necessary to effect or perfect the relevant Liens or related arrangements.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (a) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;
 - (b) pay any Indebtedness or other obligations owed to the Company or any other Restricted Subsidiary;
 - (c) make loans or advances to the Company or any other Restricted Subsidiary; or
 - (d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary;

provided that for the avoidance of doubt the following shall not be deemed to constitute such an encumbrance or restriction: (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis.

- (2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:
- (a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture, *Pari Passu* Guarantee or any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor Guaranteed by any *Pari Passu* Guarantee, or in any extensions, refinancings, renewals, supplements, amendments or replacements of any of the foregoing agreements; **provided that** the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (b) existing under or by reason of applicable law, rule, regulation or order;
 - (c) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; **provided that** the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to, any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture, or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;
 - (e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the “Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “Limitation on Indebtedness and Preferred Stock,” “Limitation on Asset Sales” and “Mandatory Redemption Upon Specified Asset Sales” covenants; or
 - (f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness or issuance of Preferred Stock permitted under the “Limitation on Indebtedness and Preferred Stock” covenant

if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make required payment on the Notes and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; **provided that** the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

- (1) to the Company or a Wholly Owned Restricted Subsidiary, or in the case of a Restricted Subsidiary that is not Wholly Owned, pro rata to its shareholders or incorporators or on a basis more favorable to the Company and the Restricted Subsidiaries;
- (2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;
- (3) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "Limitation on Restricted Payments" covenant if made on the date of such issuance or sale and **provided that** the Company complies with the "Limitation on Asset Sales" covenant; or
- (4) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); **provided that** the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "Limitation on Asset Sales" covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("Guaranteed Indebtedness") of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor, unless (1) (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary; and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or

advantage of any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, until the Notes have been paid in full, or (2) such Guarantee is permitted by clause (b)(3), (b)(4), (b)(13)(ii) (in the case of clause (b)(13)(ii), other than a Guarantee by a PRC Restricted Subsidiary of the Indebtedness of a non-PRC Restricted Subsidiary or (b)(16) (in the case of clause (b)(16), with respect to the Guarantee provided by the Company or any Restricted Subsidiary through the pledge of cash deposits, bank accounts or other assets to secure (or the use of any Guarantee, letter of credit or similar instrument to Guarantee) any Bank Deposit Secured Indebtedness), under the caption “Limitation on Indebtedness and Preferred Stock.”

If the Guaranteed Indebtedness (A) ranks *pari passu* in right of payment with the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, or (B) is subordinated in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee.

The Company will not permit any JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness of the Company or any other Restricted Subsidiary unless the aggregate claims of the creditor under such Guarantee will be limited to the applicable JV Entitlement Amount. If any JV Subsidiary Guarantor Guarantees any Indebtedness of the Company or any other Restricted Subsidiary where the aggregate claims of the creditor under such Guarantee exceeds the applicable JV Entitlement Amount, such JV Subsidiary Guarantee shall be replaced with a Subsidiary Guarantee given by a Subsidiary Guarantor.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; **provided that** the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

- (1) the Company or any Restricted Subsidiary, as the case may be, could have (a) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described above under “Limitation on Indebtedness and Preferred Stock” and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption “Limitation on Liens,” in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;
- (2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

- (3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company or such Restricted Subsidiary applies the proceeds of such transaction in compliance with, the covenant described below under the caption “Limitation on Asset Sales.”

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

- (1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;
- (2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and
- (3) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; **provided that**, in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving an aggregate consideration with a Fair Market Value in excess of US\$20.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an Independent Financial Advisor. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Company’s most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation, set-off or similar agreement that releases the Company or such Restricted Subsidiary from further liability; and
 - (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or any Restricted Subsidiary) may apply such Net Cash Proceeds to:

- (1) permanently repay Senior Indebtedness of the Company or a Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or

- (2) acquire Replacement Assets.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) and (2) in the immediately preceding paragraph will constitute “Excess Proceeds.”

Excess Proceeds of less than US\$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When the aggregate amount of Excess Proceeds exceeds US\$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

- (1) accumulated Excess Proceeds, multiplied by
- (2) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest US\$1.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If a purchase of the Notes under this “Limitation on Asset Sales” covenant occurs before the 12th Month Monthiversary Date, the Company shall pay in cash accrued and unpaid interest (including the PIK Interest) on the Notes being purchased from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) to (but excluding) such purchase date.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered in such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes (and such other *pari passu* Indebtedness) to be purchased on a pro rata basis will be selected in the manner set out under “— Optional Redemption.” Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Mandatory Redemption Upon Specified Asset Sales

Upon consummation of any Specified Asset Sale, the Company shall, within 60 days (such 60-day period, the “Allocation Period”) from and including:

- (A) the later of (x) the date of consummation of such Specified Asset Sale and (y) the date when the aggregate Net Consideration of all Specified Asset Sales consummated between the period from (and including) the Original Issue Date to (and including) such date has reached RMB350.0 million (such date, the “First Trigger Date”), allocate, or procure the allocation of 50% of the Net Consideration derived from all Specified Asset Sales consummated between the period from (and including) the Original Issue Date to (and including) the First Trigger Date (the “First Allocation Amount”) as follows, and

(B) the later of (x) the date of consummation of such Specified Asset Sale and (y) the date when the aggregate Net Consideration of all Specified Asset Sales consummated between the period from (and including) the First Trigger Date to (and including) such date has reached RMB50.0 million (such date, a “Subsequent Trigger Date”), allocate, or procure the allocation of 50% of the Net Consideration derived from all Specified Asset Sales consummated between the period from (and excluding) the First Trigger Date to (and including) such Subsequent Trigger Date (a “Subsequent Allocation Amount” and, together with the First Allocation Amount and all other Subsequent Allocation Amounts, each an “Allocation Amount”) as follows:

- (i) apply all such Allocation Amount to (X) redeem the Notes at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus the accrued and unpaid interest on such Notes to (but excluding) the redemption date, **provided that** the Company shall not be required to apply any Allocation Amount pursuant to this sub-clause (i)(X) if and to the extent the Company has already redeemed or repurchased 11% of the Issue Amount pursuant to this sub-clause (i)(X) and the captions “Mandatory Redemption,” “Optional Redemption,” “Repurchase of Notes upon a Change of Control,” “Redemption for Taxation Reasons” and “Limitation on Asset Sales,” and/or (Y) pay the principal of, premium, if any, and interest on the Notes, in each case that has become due and payable within the Allocation Period; and
- (ii) to the extent there is any Allocation Amount remaining after taking into account such redemption and payments pursuant to sub-clause (i), repurchase the Notes through tender offers or open market repurchases or otherwise redeem the Notes in accordance with the terms of the Indenture,

provided, however, that the foregoing allocation shall be made on a pro rata basis based on the principal amount of Notes and such other *pari passu* Indebtedness subject to a covenant substantially similar to this “Mandatory Redemption Upon Specified Asset Sales” covenant.

Upon allocation in full of a Subsequent Allocation Amount pursuant to clause (B) of the preceding paragraph, the accumulated Net Consideration derived from all Specified Asset Sales consummated between the period from (and excluding) the First Trigger Date to (and including) the corresponding Subsequent Trigger Date shall be reset at zero. Specified Asset Sales consummated after a Subsequent Trigger Date shall continue to comply with clause (B) of the preceding paragraph, namely the Net Consideration derived from Specified Asset Sales consummated after a Subsequent Trigger Date shall be accumulated and shall be applied in accordance with clause (B) of the preceding paragraph once such accumulated Net Consideration reaches RMB50.0 million.

The Company will give not less than 15 days’ nor more than 60 days’ notice of any redemption pursuant to sub-clause (i)(X) of this “Mandatory Redemption Upon Specified Asset

Sales” covenant to the Holders and the Trustee. If less than all of the Notes are to be redeemed, the Notes will be selected for redemption as follows:

- (1) if the Notes are listed on any securities exchange, in compliance with the requirements of the principal securities exchange on which the Notes are then listed (if any), and/or any applicable requirements of the clearing systems through which the Notes are held; or
- (2) if the Notes are not listed on any securities exchange and are not held through the clearing systems, on a pro rata basis, or by such other method selected by the Trustee in its sole and absolute discretion, unless otherwise required by law.

A Note of US\$150,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any certificated Note, a Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

If a redemption of the Notes pursuant to sub-clause (i)(X) of this “Mandatory Redemption Upon Specified Asset Sales” covenant occurs before the 12th Month Monthiversary Date, the Company shall pay in cash accrued and unpaid interest (including the PIK Interest) on the Notes being purchased from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) to (but excluding) such redemption date.

None of the Trustee nor the Agents shall be obliged to monitor the occurrence of a Specified Asset Sale and/or the Allocation Amount and/or the Net Consideration amount and/or the Company’s compliance with this provision including but not limited to the use of Allocation Amounts towards any redemption or repurchase of the Notes, the payment of premium or interest on the Notes, repurchase of the Notes through tender offers, open market repurchases or other manners in accordance with the terms of the Indenture.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10.0% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an “Affiliate Transaction”), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm’s-length transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and

- (2) the Company delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion as to the fairness to the Company or the relevant Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an Independent Financial Advisor.

The foregoing limitation does not limit, and shall not apply to:

- (1) the payment of reasonable and customary regular fees and other compensation for the service as board members to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;
- (2) transactions between or among the Company and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;
- (3) any Restricted Payment of the type described in clause (1) or (2) of the first paragraph of the covenant described above under the caption "Limitation on Restricted Payments" if permitted by that covenant;
- (4) any sale of Capital Stock (other than Disqualified Stock) of the Company;
- (5) the payment of compensation to employees, officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option scheme, so long as such scheme has been approved by the Board of Directors and is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), which as of the Original Issue Date require a majority shareholder approval of any such scheme;
- (6) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Company or any Restricted Subsidiary with directors, officers, employees and consultants in the ordinary course of business and the payment of compensation pursuant thereto;
- (7) any sale of real property by the Company or a Restricted Subsidiary in the ordinary course of business to employees, officers, directors or their respective family members at a discount from the listed price not greater than that applicable generally to all employees of the Company and its Subsidiaries with respect to such property;

provided that (A) revenues from all such sales in any fiscal year shall not exceed 1.0% of the revenues for that year as shown in the consolidated financial statements of the Company for that period in accordance with GAAP, (B) any such discount shall not be in excess of 10.0% of the Fair Market Value of the relevant property and (C) any such sale, individually or in the aggregate (if required to be aggregated under the Listing Rules), would not require the Company to obtain approval from its shareholders (or seek a waiver from complying with such requirement) in order to comply with the Listing Rules;

- (8) subject to complying with clause (1) of the preceding paragraph, for as long as the Common Stock of the Company remains listed on The Stock Exchange of Hong Kong Limited, any Affiliate Transaction which is conducted in compliance with the applicable listing rules of The Stock Exchange of Hong Kong Limited;
- (9) any transaction between (A) the Company or any Restricted Subsidiary and (B) any entity in the Restructuring Group entered into in connection with the proposed Restructuring, including but not limited to transactions entered into for purposes of any reorganization in connection with the proposed Restructuring and the entry into, and the performance thereof, of any underwriting agreement or other transaction documents in connection with the proposed Restructuring; and
- (10) any transaction between (A) the Company or any Restricted Subsidiary and (B) any entity in the Restructuring Group entered into in the ordinary course of business, on fair and reasonable terms and disclosed in the offering document issued in connection with the proposed Restructuring, or any amendment or modification or extension or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries in any material respect than the original transaction described in the offering document issued in connection with the proposed Restructuring and in compliance with the rules of the relevant Qualified Exchange.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (other than Permitted Investments) not prohibited by the “Limitation on Restricted Payments” covenant, (ii) transactions pursuant to agreements in effect on the Original Issue Date and described in this exchange offer memorandum, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, and (iii) any transaction between or among the Company and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries or between or among the Company or a Restricted Subsidiary on the one hand and a Minority Joint Venture or an Unrestricted Subsidiary on the other hand; **provided that** in the case of clause (iii) (a) such transaction is entered into in the ordinary course of business and (b) none of the shareholders or partners (other than the Company or any Restricted Subsidiary) of or in such Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary is a Person described in clause (x) or (y) of the first paragraph of this

covenant (other than by reason of such other shareholder or other partner being an officer or director of such Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary).

Limitation on the Company's Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; **provided, however, that** the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited when made by the covenant under the caption "Limitation on Restricted Payments."

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary (except for any Restricted Subsidiary that directly owns any Specified Asset) to be an Unrestricted Subsidiary; **provided that** (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) neither the Company nor any Restricted Subsidiary provides credit support for the Indebtedness of such Restricted Subsidiary; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company or any other Restricted Subsidiary as a result of such designation; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under the caption "— Limitation on Indebtedness and Preferred Stock" or such Lien would violate the covenant described under the caption "— Limitation on Liens"; (5) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; and (6) the Investment deemed to have been made thereby in such newly designated Unrestricted Subsidiary and each other newly designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under "— Limitation on Restricted Payments."

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; **provided that** (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation, (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption "— Limitation on Indebtedness and Preferred Stock," (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under the caption "— Limitation on Liens," (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary), and (5) if such Restricted Subsidiary is not a Non-Guarantor Subsidiary, such Restricted Subsidiary shall upon such designation execute and deliver to the

Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or, if it is permitted to do so under the Indenture, a JV Subsidiary Guarantor.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (i) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses, (ii) preserve and maintain good and valid title to its properties and assets (including land use rights) free and clear of any Liens other than Permitted Liens and (iii) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (A) the business, results of operations or prospects of the Company and its Restricted Subsidiaries taken as a whole or (B) the ability of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee or the Indenture.

Anti-layering

The Company will not Incur, and will not permit any Subsidiary Guarantor or JV Subsidiary Guarantor to incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Provision of Financial Statements and Reports

- (1) So long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Company's common shares are at any time listed for trading, true and correct copies of any financial report in the English language filed with such exchange; **provided that** if at any time the Common Stock of the Company ceases to be listed for trading on a recognized stock exchange, the Company will file with the Trustee and furnish to the Holders:
 - (a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally-recognized firm of independent accountants;

- (b) as soon as they are available, but in any event within 45 calendar days after the end of the second financial quarter of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of an internationally-recognized firm of independent accountants; and
 - (c) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third financial quarters of the Company, copies of its unaudited financial statements (on a consolidated basis and in the English language), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.
- (2) In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year ending after the Original Issue Date, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the most recent fiscal year and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation, **provided that** the Company shall not be required to provide such auditor certification if its external auditors refuse to provide such certification as a result of a policy of such external auditors not to provide such certification; and (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default or an Event of Default, an Officers' Certificate setting forth the details of the Default or an Event of Default, and the action which the Company proposes to take with respect thereto.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

- (a) default in the payment of principal of (or premium, if any, on) the Notes (including the amounts payable under "— Mandatory Redemption") when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (c) default in the performance or breach of the provisions of the covenants described under "— Consolidation, Merger and Sale of Assets," the failure by the Company to make or consummate an Offer to Purchase in the manner described under the captions "— Repurchase of Notes upon a Change of Control," "— Limitation on Asset Sales" or "— Mandatory Redemption Upon Specified Asset Sales";

- (d) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;
- (e) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$30.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (A) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (B) the failure to make a principal payment when due, **provided, however, that** such Indebtedness shall not include (x) the Excluded Indebtedness and/or (y) any Indebtedness with respect to which any default or event of default occurs as a result of any default or event of default under the Excluded Indebtedness;
- (f) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$30.0 million (or the Dollar Equivalent thereof) (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect, **provided, however, that** such final judgments or orders for the payment of money shall not include any which is in relation to (x) the Excluded Indebtedness and/or (y) any Indebtedness with respect to which any default or event of default occurs as a result of any default or event of default under the Excluded Indebtedness;
- (g) an involuntary case or other proceeding is commenced against the Company or any Significant Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary or for any substantial part of the property and assets of the Company or any Significant Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (h) the Company or any Significant Restricted Subsidiary (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) other than in connection with a solvent liquidation or reorganization, consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant

Restricted Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Restricted Subsidiary or (iii) effects any general assignment for the benefit of creditors, except in each case under sub-clause (i) or (ii), any proceeding commenced; or

- (i) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders shall, subject to receiving indemnity and/or security and/or prefunding to its satisfaction, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (g) or (h) above occurs with respect to the Company or any Significant Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of the Holders of Notes waive all past Defaults or Events of Default and rescind and annul a declaration of acceleration and its consequences (other than any past Default or Event of Default in respect of the payment of the principal of, premium, if any, and interest on the Notes, which may only be waived, and a declaration of acceleration and its consequences with respect to which may only be rescinded and annulled, with the consent of the Holders of at least 66% in principal amount of the outstanding Notes) if (x) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived and (y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction. Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default with respect to the Notes occurs and is continuing, the Trustee may but will not be obligated to pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that is unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. The Trustee shall not be required to expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification and/or security is assured to it.

A Holder of Notes may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee indemnity and/or security satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the written request and the offer of indemnity and/or security and/or prefunding satisfactory to it; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of Holders of not less than 66% in principal amount of the Notes then outstanding, in accordance with the section entitled “– Amendments and Waiver”.

If the Notes have been declared to become due and payable in accordance with the terms of the Indenture on a date that occurs before the 12th Month Monthiversary Date, interest (including the PIK Interest) on the Notes will be deemed to have accrued from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) in cash at 7.0% per annum, as determined and calculated in accordance with the section entitled “Brief Description of the Notes — Interest” above.

Officers of the Company must certify, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and

its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under the Indenture and that the Company has fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee of any default or defaults in the performance of any covenants or agreements under the Indenture. See "Provision of Financial Statements and Reports."

None of the Trustee or any Agent is obligated to do anything to ascertain whether any Event of Default or Default has occurred or is continuing and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so. Each of the Trustee and the Agents may assume that no such event has occurred and that the Company and the Subsidiary Guarantors are performing all of their obligations under the Indenture and the Notes unless the Trustee or the Agent, as the case may be, has received written notice of the occurrence of such event or facts establishing that a Default or an Event of Default has occurred or that the Company and the Subsidiary Guarantors are not performing all of their obligations under the Indenture and/or the Notes.

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

- (1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Company is consolidated or merged, or that acquired or leased such property and assets (the "Surviving Person") shall be a corporation incorporated and validly existing under the laws of the Cayman Islands, Hong Kong, Bermuda or the British Virgin Islands and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;

- (4) immediately after giving effect to such transaction on a pro forma basis the Company or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the proviso in first paragraph of the covenant under the caption “— Limitation on Indebtedness and Preferred Stock”;
- (5) the Company delivers to the Trustee (x) an Officers’ Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4) of this paragraph) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; 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 the caption “— Consolidation, Merger and Sale of Assets,” shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable, shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture.

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries’ properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor or in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor), unless:

- (1) such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Company is consolidated or merged, or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction (or, in the case of a JV Subsidiary Guarantor, another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor); and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor or JV Subsidiary Guarantor under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;

- (3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US\$1.00 of Indebtedness under the proviso in first paragraph of the covenant under the caption “— Limitation on Indebtedness and Preferred Stock”; and
- (5) the Company delivers to the Trustee (x) an Officers’ Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4) of this paragraph) and (y) Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with,

provided that this paragraph shall not apply to any sale or other disposition that complies with the “Limitation on Asset Sales” or “Mandatory Redemption Upon Specified Asset Sales” covenant or any Subsidiary Guarantor or JV Subsidiary Guarantor whose Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, is unconditionally released in accordance with the provisions described under “The Subsidiary Guarantees — Release of the Subsidiary Guarantees and JV Subsidiary Guarantees.”

Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

The foregoing provisions would not necessarily afford holders of the Notes protection in the event of highly leveraged or other transactions involving the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor that may adversely affect holders of the Notes.

No Payments for Consents

The Company will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of any Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders of the Notes that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes in connection with an exchange or tender offer, the Company and any Restricted Subsidiary may exclude (i) Holders or beneficial owners of the Notes that are not institutional “accredited investors” as defined in Rule 501 under the Securities Act, (ii) Holders or beneficial owners of the Notes that are located or resident in the United States or are “U.S. Persons” as defined in Regulation S under the Securities Act, and (iii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Company or any Restricted Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

- (A) the Company (a) has deposited with the Trustee (or its agent), in trust, money, U.S. Government Obligations or any combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally-recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture;
- (B) the Company has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law, and
- (C) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit

or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound.

In the case of either discharge or defeasance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that (i) the provisions of the Indenture will no longer be in effect with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph and clauses (3), (4), (5)(x) and (6) under the second paragraph under “Consolidation, Merger and Sale of Assets” and all the covenants described herein under “Certain Covenants,” other than as described under “— Certain Covenants — Government Approvals and Licenses; Compliance with Law” and “— Certain Covenants — Anti-Layering,” and (ii) clause (c) under “Events of Default” with respect to such clauses (3), (4), (5)(x) and (7) under the first paragraph and such clauses (3), (4), (5)(x) and (6) under the second paragraph under “Consolidation, Merger and Sale of Assets,” and with respect to such other events set forth in such clause (i) above, clause (d) under “Events of Default” with respect to such other covenants set forth in clause (i) above and clauses (e) and under “Events of Default” shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or its agent), in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, and the satisfaction of the provisions described in clause (B) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event that the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee (or its agents) will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company will remain liable for such payments.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to the Notes issued thereunder, when:

- (1) either:

- (a) all Notes theretofore authenticated and delivered, except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust, have been delivered to the Paying Agent for cancellation;

or:

- (b) all Notes not theretofore delivered to such Paying Agent for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company and the Company or any Subsidiary Guarantor has irrevocably deposited or caused to be deposited with such Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest to pay and discharge the entire indebtedness on Notes not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;
- (2) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit) with respect to the Indenture or the Notes issued thereunder shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under any other material agreement or instrument (other than the Indenture) to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound;
 - (3) the Company has paid or caused to be paid all sums payable by it under the Indenture; and
 - (4) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be amended, without the consent of any Holder, to:

- (1) cure any ambiguity, defect, omission or inconsistency in the Indenture or the Notes;

- (2) comply with the provisions described under “Consolidation, Merger and Sale of Assets”;
- (3) evidence and provide for the acceptance of appointment by a successor Trustee;
- (4) add any Subsidiary Guarantor or JV Subsidiary Guarantor, or any Subsidiary Guarantee or JV Subsidiary Guarantee, or release any Subsidiary Guarantor or JV Subsidiary Guarantor from any Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, as provided or permitted by the terms of the Indenture;
- (5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (6) provide collateral, add additional collateral to secure the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee or enter into any intercreditor agreement in accordance with the Indenture;
- (7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (8) effect any change to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream or any applicable securities depository;
- (9) make any other change that does not materially and adversely affect the rights of any Holder; or
- (10) conform the text of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees to any provision of this “Description of the New Notes” to the extent that such provision in this “Description of the New Notes” was intended to be a verbatim recitation of a provision in the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

Amendments with Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may be amended with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in aggregate principal amount of the outstanding Notes may waive any default (subject to the applicable requirements set out in “Events of Default”) or future compliance by the Company, the Subsidiary Guarantors or the JV Subsidiary Guarantors with any provision of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees; **provided, however, that** no such modification, amendment or waiver may, without the consent of the Holders of not less than 66% in aggregate principal amount of the Notes then outstanding:

- (1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;

- (2) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (3) change the place, currency or time of payment of principal of, or premium, if any, or interest on, any Note;
- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note, any Subsidiary Guarantee or any JV Subsidiary Guarantee;
- (5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, or premium, if any, or interest on the Notes;
- (7) release any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;
- (8) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (9) amend, change or modify any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects the Holders, except in accordance with the other provisions of the Indenture;
- (10) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale, or change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale must be made or by which the Notes may be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale, whether through an amendment or waiver of the provision in the covenants, definitions or otherwise, unless such amendment, waiver or modification shall be in effect prior to the occurrence of a Change of Control or the event giving rise to the repurchase of the Notes under “— Certain Covenants — Limitation on Asset Sales”;
- (11) change the redemption date or the redemption price of the Notes from that stated under the captions “Optional Redemption” or “Redemption for Taxation Reasons,” or the redemption date, redemption price or the redemption amount under the caption “Mandatory Redemption” and sub-clause (i)(X) of “Mandatory Redemption Upon Specified Asset Sale” or the redemption/repurchase date or the redemption/repurchase amount under sub-clauses (i)(Y) and (ii) of “Mandatory Redemption Upon Specified Asset Sale”;

- (12) amend, change or modify the obligation of the Company or any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or
- (13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors in the Indenture, or in any of the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees, or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company, any of the Subsidiary Guarantors or JV Subsidiary Guarantors, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under U.S. federal securities laws.

Concerning the Trustee and the Agents

China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) is to be appointed as Trustee under the Indenture, as registrar (the “Registrar”), as paying agent (the “Paying Agent”) and transfer agent (the “Transfer Agent,” and together with the Registrar and the Paying Agent, the “Agents”) with regard to the Notes. Except during the continuance of an Event of Default, the Trustee needs only perform such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person’s own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee and the Agents are permitted to engage in other transactions, including normal banking and trustee relationships, with the Company and its Affiliates; **provided, however, that** if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee will not be under any obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders, unless the requisite number of Holders have provided written instructions to the Trustee and offered to the Trustee indemnity and/or security and/or prefunding satisfactory to the Trustee against any loss, liability or expense.

The Trustee may have interest in or may be providing or may in the future provide financial or other services to other parties.

The Trustee shall not be deemed or implied to have any duties or obligations under any documents to which it is a party. Furthermore, the Trustee shall not be deemed to have knowledge of an Event of Default or Default unless it has been notified in writing of such an Event of Default or Default thereof.

The Trustee and the Agents are entitled to conclusively rely, without liability, on any Officers' Certificate regarding whether or not a Default or an Event of Default has occurred and is continuing. Under the Indenture, the Trustee is entitled to be indemnified and/or secured and relieved from liability or responsibility in certain circumstances and will be paid its fees, costs, expenses and indemnity payment in priority to the claims of the Holders.

Each Holder, by accepting the Notes will agree, for the benefit of the Trustee and Agents, that it is solely responsible for its own independent appraisal of, and investigation into, all risks arising under or in connection with the Notes and has not relied on and will not at any time rely on the Trustee or the Agents in respect of such risks.

Book Entry; Delivery and Form

The Notes will be represented by a global note in registered form without interest coupons attached (the "Initial Global Note"). On the Original Issue Date, the Initial Global Note will be deposited with a common depository and registered in the name of the common depository or its nominee for the accounts of Euroclear and Clearstream. Any Additional Notes will be represented by additional global notes in registered form without interest coupons attached (the "Additional Global Notes" and, together with the Initial Global Note, the "Global Notes").

Global Notes

Ownership of beneficial interests in the Global Notes (the "book-entry interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under "— Certificated Notes," the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Notes for all purposes under the Indenture and “holders” of book-entry interests will not be considered the owners or “Holders” of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Trustee or any of their respective agents (including the Agents) will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and Additional Amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under “— Additional Amounts.”

Under the terms of the Indenture, the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor, the Trustee and the Agents will treat the registered holder of the Global Notes (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- any action or failure to take action by Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, the common 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\$150,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of certificated notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Notes will be subject to the restrictions on transfer discussed under "Transfer Restrictions."

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream participants on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Company understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of their respective agents (including the Agents) will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Certificated Notes

If (1) the common depository or any successor to the common depository is at any time unwilling or unable to continue as a depository for the reasons described in the Indenture and a successor depository is not appointed within 90 days (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than

by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with “— Events of Default” and the Company has received a written request from a Holder, the Company will issue certificated notes in registered form in exchange for the Global Notes. Upon receipt of such notice from the common depository, Euroclear, Clearstream or the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the common depository for the exchange of interests in the Global Notes for certificated notes and cause the requested certificated notes to be executed and delivered to the registrar in sufficient quantities and authenticated by the Trustee for delivery to Holders. Persons exchanging interests in a Global Notes for certificated notes will be required to provide the registrar, through the relevant clearing system, with written instruction and other information required by the Company and the registrar to complete, execute and deliver such certificated notes. In all cases, certificated notes delivered in exchange for any Global Notes or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Certificated notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier, by being deposited, first class postage prepaid, in the mails of the relevant jurisdiction or by email (if intended for the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor) addressed to the Company, such Subsidiary Guarantor or JV Subsidiary Guarantor or emailed to the email address at lianglina@youngogroup.com or such other email addresses that the Company, such Subsidiary Guarantor or JV Subsidiary Guarantor may advise the Trustee from time to time; (if intended for the Trustee), addressed to the Trustee at the corporate trust office of the Trustee or emailed to the email address at cta_tm@asia.ccb.com and cta_cs@asia.ccb.com; and (if intended for any Holder) addressed to such Holder at such Holder’s last address as it appears in the Note register.

So long as the Notes are represented by a Global Note and held in its entirety on behalf of Euroclear and/or Clearstream, there may be substituted for any other methods of delivery to Holders the delivery of the relevant notice to Euroclear and/or Clearstream and such notice will be deemed to have been sufficiently given or served when delivered to and 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, or if by email, when so sent, **provided that**, no delivery failure notification is received by the sender within two hours of sending the email. However, notwithstanding the foregoing, any notice to the Trustee will be effective only upon receipt, **provided that**, any notice sent by email shall be deemed as received if no delivery failure notification is received by the sender within 24 hours of sending the email.

Consent to Jurisdiction; Service of Process

The Company and each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will irrevocably (i) submit to the non-exclusive jurisdiction of any U.S. federal or New York State court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, any JV Subsidiary Guarantee (if any), the Indenture or any transaction contemplated thereby and (ii) designate and appoint Cogency Global Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

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

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this “Description of the New Notes” for which no definition is provided.

“Acquired Indebtedness” means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

“Affiliate” means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, (ii) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause of this definition or (iii) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (i) or (ii). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Asset Acquisition” means (1) an Investment by the Company or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any of its Restricted Subsidiaries; or (2) an acquisition by the Company or any of its Restricted Subsidiaries of the property and assets of any Person other than the Company or any of its Restricted Subsidiaries that constitute substantially all of a division or line of business of such Person.

“Asset Disposition” means the sale or other disposition by the Company or any of its Restricted Subsidiaries (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any of its Restricted Subsidiaries.

“Asset Sale” means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale or issuance of Capital Stock of a Restricted Subsidiary or sale of Capital Stock of any other Subsidiary) in one transaction or a series of related transactions by the Company or any of its Restricted Subsidiaries to any Person; **provided, that** “Asset Sale” shall not include:

- (a) sales, transfers or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;
- (b) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the “Limitation on Restricted Payments” covenant;
- (c) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$1.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;
- (d) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries;
- (e) any, transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;
- (f) a transaction covered by the covenant under the caption “— Consolidation, Merger and Sale of Assets”;
- (g) any sale, transfer or other disposition by the Company or any of its Restricted Subsidiaries, including the sale or issuance by the Company or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Company or any Restricted Subsidiary; and
- (h) any Specified Asset Sale.

“Attributable Indebtedness” means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction, including any period for which such lease has been extended.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness; and (b) the amount of such principal payment; and by (2) the sum of all such principal payments.

“Bank Deposit Secured Indebtedness” means Indebtedness of the Company or any Restricted Subsidiary that is (i) secured by cash deposits, bank accounts or other assets of the Company or a Restricted Subsidiary and/or (ii) guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and its Restricted Subsidiaries to in effect exchange foreign currencies or remit money onshore or offshore.

“Board of Directors” means the board of directors elected or appointed by the shareholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person, **provided that** Capitalized Lease shall not include any lease which would have been classified as an “operating lease” before the adoption of GAAP 16.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock but excluding debt securities convertible or exchangeable into such equity.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the merger, amalgamation or consolidation of the Company with or into another Person (other than one or more Permitted Holders) or the merger or amalgamation of another Person (other than one or more Permitted Holders) with or into the Company, or the sale of all or substantially all the assets of the Company to another Person (other than one or more Permitted Holders);
- (2) the Permitted Holders collectively are the beneficial owners of less than 40.0% of the total voting power of the Voting Stock of the Company;
- (3) any “person” or “group” (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 under the Exchange Act), directly or indirectly, of the total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders;
- (4) individuals who on the Original Issue Date constituted the Board of Directors, together with any new directors whose election or nomination to the Board of Directors was approved by a vote of at least a majority of the directors then still in office who were either directors or whose election or nomination was previously so approved, cease for any reason to constitute a majority of the Board of Directors then in office; or
- (5) the adoption of a plan relating to the liquidation or dissolution of the Company.

“Clearstream” means Clearstream Banking S.A.

“Commodity Hedging Agreement” means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the Company and its Restricted Subsidiaries’ proportionate interest in the total consolidated assets of such Restricted Subsidiary and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company and its Restricted Subsidiaries (which the Company shall use its reasonable best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements).

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense (including, for the avoidance of doubt, any capitalized interest included in cost of sales in conformity with GAAP),
- (2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets), and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period and other than losses on Investment Properties arising from fair value adjustments made in conformity with GAAP), less all non-cash items increasing Consolidated Net Income (other than the accrual of revenue in the ordinary course of business and gains on Investment Properties arising from fair value adjustments made in conformity with GAAP),

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP, **provided that** (i) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any of the Restricted Subsidiaries and (ii) in the case of any PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

“Consolidated Fixed Charges” means, for any period, the sum (without duplication) of (i) Consolidated Interest Expense for such period and (ii) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company’s Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly Owned Restricted Subsidiary.

“Consolidated Interest Expense” means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Company and its Restricted Subsidiaries but less the amount of interest income from Bank Deposit Secured Indebtedness, if any, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Company and its Restricted Subsidiaries, without duplication, (i) interest expense attributable to Capitalized Lease Obligations, (ii) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (iii) the interest

portion of any deferred payment obligation, (iv) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (v) the net costs associated with Hedging Obligations (including the amortization of fees), (vi) interest accruing on Indebtedness of any other Person that is Guaranteed by, or secured by a Lien on any asset of, the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees), only to the extent that such interest is actually paid by the Company or any Restricted Subsidiary, and (vii) any capitalized interest, **provided that** Consolidated Interest Expense shall not include (x) interest expense attributable to leases which would have been classified as “operating leases” before the adoption of GAAP 16 and (y) interest expense accruing on pre-sale receipts in advance from customers, and **provided further that** interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; **provided that** the following items shall be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:
 - (A) subject to the exclusion contained in clause (5) below, the Company’s equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and
 - (B) the Company’s equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;
- (2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any of its Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Company or any of its Restricted Subsidiaries;
- (3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;
- (4) the cumulative effect of a change in accounting principles;

- (5) any net after-tax gains realized on the sale or other disposition of (A) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of its business or (B) any Capital Stock of any Person (including any gains by the Company realized on sales of Capital Stock of the Company or other Restricted Subsidiaries);
- (6) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and
- (7) any net after-tax extraordinary or non-recurring gains.

provided that (A) solely for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after-tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the current book value and the cash sale price shall be added to Consolidated Net Income; (B) for purposes of calculating the Consolidated Net Income (but not for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio) any net after-tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the original cost basis and the cash sale price shall be added to Consolidated Net Income to the extent not already included in the net income for such period as determined in conformity with GAAP and Consolidated Net Income and (C) solely for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after-tax gains on Investment Properties arising from fair value adjustments made in conformity with GAAP shall be added to Consolidated Net Income.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available fiscal quarter, semi-annual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Company and its Restricted Subsidiaries prepared in accordance with GAAP (which the Company shall use its reasonable best efforts to compile in a timely manner), plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Company or any of the Restricted Subsidiaries, each item to be determined in conformity with GAAP.

“Contractor Guarantees” means any Guarantee by the Company or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Company or such Restricted Subsidiary in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

“Credit Facilities” means one or more of the facilities or arrangements with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables or financings (including without limitation through the sale of receivables or assets to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or assets or the creation of any Liens in respect of such receivables or assets in favor of such institutions), letters of credit or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder (**provided that** such increase is permitted under the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”) or (4) otherwise altering the terms and conditions thereof.

“Currency Agreement” means any foreign exchange contract, currency swap agreement, currency option agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the date that is 183 days after the Stated Maturity of the Notes; **provided that** any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the date that is 183 days after the Stated Maturity of the Notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the “Limitation on Asset Sales” and “Repurchase of Notes upon a Change of Control” covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company’s repurchase of such Notes as are required to be repurchased pursuant to the “Limitation on Asset Sales” and “Repurchase of Notes upon a Change of Control” covenants.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

“Entrusted Loans” means borrowings by a PRC Restricted Subsidiary from a bank that are secured by a pledge of deposits made by another PRC Restricted Subsidiary to the lending bank as security for such borrowings, **provided that**, such borrowings are not reflected on the consolidated balance sheet of the Company.

“Euroclear” means Euroclear Bank SA/NV.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“Excluded Indebtedness” means any Indebtedness in respect of the May 2023 Notes and the October 2023 Notes.

“Exempted Subsidiary” means any Restricted Subsidiary organized in any jurisdiction other than the PRC that is prohibited by applicable law or regulation to provide a Subsidiary Guarantee or a JV Subsidiary Guarantee; **provided that** (x) the Company shall have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such Subsidiary Guarantee or JV Subsidiary Guarantee, to the extent that such approval or registration is available under any applicable law or regulation and (y) such Restricted Subsidiary shall cease to be an Exempted Subsidiary immediately upon such prohibition ceasing to be in force or apply to such Restricted Subsidiary or upon the Company having obtained such applicable approval or registration.

“Fair Market Value” means the price that would be paid in an arm’s length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution, except in the case of a determination of Fair Market Value of total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of recognized international standing appointed by the Company.

“First Redemption Amount” equals to 3% of the Issue Amount minus the aggregate principal amount of the Notes redeemed or repurchased by the Company pursuant to sub-clause (i)(X) of the first paragraph under the caption “Mandatory Redemption Upon Specified Asset Sales” and the captions “Optional Redemption,” “Repurchase of Notes upon a Change of Control,” “Redemption for Taxation Reasons” and “Limitation on Asset Sales” during the period from (and including) the Original Issue Date to (and including) the 18th Month Monthiversary Date.

“Fitch” means Fitch Ratings Inc. and its successors.

“Fixed Charge Coverage Ratio” means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent two semi-annual periods

prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the “Two Semi-annual Periods”) to (2) the aggregate Consolidated Fixed Charges during such Two Semi-annual Periods. In making the foregoing calculation:

- (A) pro forma effect shall be given to any Indebtedness or Preferred Stock Incurred, repaid or redeemed during the period (the “Reference Period”) commencing on and including the first day of the Two Semi-annual Periods and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement in effect on the last day of such Two Semi-annual Periods), in each case as if such Indebtedness or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; **provided that**, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness or Preferred Stock;
- (B) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (C) pro forma effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (D) pro forma effect shall be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (E) pro forma effect shall be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or consolidated into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (D) or (E) of this sentence requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the two semi-annual periods immediately

preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“GAAP” means International Financial Reporting Standards, formulated by the International Accounting Standards Board, or generally accepted accounting principles in Hong Kong, as in effect from time to time.

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); **provided that** the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Hedging Obligation” of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement.

“Holder” means the Person in whose name a Note is registered in the Note register.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; **provided that** (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms “Incurrence,” “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;

- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; **provided that** the amount of such Indebtedness shall be the lesser of (A) the Fair Market Value of such asset at such date of determination; and (B) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations; and
- (9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include (1) any capital commitments, deferred payment obligation, pre-sale receipts in advance from customers or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business or (2) Entrusted Loans; **provided that** such item is not reflected on the consolidated balance sheet of the Company as borrowings or indebtedness (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected as borrowings or indebtedness on the balance sheet will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, **provided**

- (A) **that** the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP,
- (B) **that** money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest, and

- (C) **that** the amount of Indebtedness with respect to any Hedging Obligation shall be equal to (a) zero if Incurred pursuant to paragraph (b)(6) under the “Limitation on Indebtedness and Preferred Stock” covenant or (b) the net amount that would be payable by such Person if such Hedging Obligation were terminated at that time, if not Incurred under such covenant.

“Independent Financial Advisor” means an accounting, appraisal or investment banking firm of international standing, **provided that** such firm is not an Affiliate of the Company.

“Independent Third Party” means any Person that is not an Affiliate of the Company.

“Interest Rate Agreement” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

“Investment” means:

- (i) any direct or indirect advance, loan or other extension of credit to another Person,
- (ii) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others),
- (iii) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person, or
- (iv) any Guarantee of any obligation of another Person to the extent such obligation is outstanding and is guaranteed by such Person.

“Invest,” “Investing” and “Invested” shall have corresponding meanings.

For the purposes of the provisions of the “Designation of Restricted and Unrestricted Subsidiaries” and “Limitation on Restricted Payments” covenants: (i) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Company’s proportional interest in the Fair Market Value of the assets (net of the Company’s proportional interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (ii) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

“Investment Property” means any property that is owned and held by any Restricted Subsidiary for long-term rental yield or for capital appreciation or both, or any hotel owned by the Company or any Restricted Subsidiary from which the Company or any Restricted Subsidiary derives or expects to derive operating income.

“Issue Amount” means the initial aggregate principal amount of the Notes outstanding on the Original Issue Date.

“JV Entitlement Amount” means, with respect to any JV Subsidiary Guarantor which is not a Subsidiary of another JV Subsidiary Guarantor, together with its Subsidiaries, an amount that is equal to the product of (i) the Fair Market Value of the total assets of such JV Subsidiary Guarantor and its Subsidiaries, on a consolidated basis (without deducting any Indebtedness or other liabilities of such JV Subsidiary Guarantor and its Subsidiaries) as of the date of the last fiscal year end of the Company; and (ii) a percentage equal to the direct equity ownership percentage of the Company and/or its Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

“JV Subsidiary Guarantee” has the meaning set forth under the caption “— The Subsidiary Guarantees.”

“JV Subsidiary Guarantor” means a Restricted Subsidiary that executes a JV Subsidiary Guarantee.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“Listed Subsidiaries” means any Restricted Subsidiary any class of Voting Stock of which is listed on a Qualified Exchange and any Restricted Subsidiary of a Listed Subsidiary; **provided that** such Restricted Subsidiary shall cease to be a Listed Subsidiary immediately upon, as applicable, (x) the Voting Stock of such Restricted Subsidiary ceasing to be listed on a Qualified Exchange, or (y) such Restricted Subsidiary ceasing to be a Restricted Subsidiary of a Listed Subsidiary.

“May 2023 Notes” means the 12.0% senior notes due 2023 issued by the Company pursuant to an indenture dated May 23, 2022, as amended or supplemented from time to time.

“Measurement Date” means 15 December, 2015.

“Minority Interest Staged Acquisition Agreement” means an agreement between the Company and/or any Restricted Subsidiary on the one hand and an Independent Third Party on the other (x) pursuant to which the Company and/or such Restricted Subsidiary agrees to acquire less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock at the time the Company and/or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one instalment over a period of time.

“Minority Joint Venture” means any corporation, association or other business entity that is accounted for by the equity method of accounting in accordance with GAAP by the Company or a Restricted Subsidiary and primarily engaged in the Permitted Businesses, and such Minority Joint Venture’s Subsidiaries.

“Moody’s” means Moody’s Investors Service and its successors.

“Net Cash Proceeds” means:

- (a) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:
 - (1) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;
 - (2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;
 - (3) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;
 - (4) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and
- (b) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorney’s fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“Net Consideration” means with respect to any Specified Asset Sale, the consideration of such Specified Asset Sale received by the Company or the relevant Restricted Subsidiary, net of:

- (1) actual brokerage commissions, land and construction related cost, project design and development cost, operational cost and other necessary expenses (including fees and expenses of professional parties) related to such Specified Asset Sale;

- (2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Specified Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;
- (3) Indebtedness or any other obligation outstanding at the time of such Specified Asset Sale that either (x) is secured by a Lien on the property or assets sold under such Specified Asset Sale or (y) is required to be paid as a result of such sale; and
- (4) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Specified Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters, liabilities under any indemnification obligations, land cost, project design cost and other operational cost associated with such Specified Asset Sale.

“Non-Guarantor Subsidiaries” means the Restricted Subsidiaries that do not provide Subsidiary Guarantees or JV Subsidiary Guarantees for the Notes.

“October 2023 Notes” means the 13.85% senior notes due 2023 issued by the Company pursuant to an indenture dated October 12, 2021, as amended or supplemented from time to time.

“Offer to Purchase” means an offer to purchase Notes by the Company from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee, the tender agent and each Holder at its last address appearing in the Note register stating:

- (1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;
- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Offer to Purchase Payment Date”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the tender agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

- (6) that Holders will be entitled to withdraw their election if the tender agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
- (7) that Holders whose Notes are being purchased only in part will be issued Notes equal in principal amount to the unpurchased portion of the Notes surrendered; **provided that** each Note purchased and each Note issued shall be in a principal amount of US\$150,000 and integral multiples of US\$1 in excess thereof.

The Company shall (a) one Business Day prior to the Offer to Purchase Payment Date accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (b) one Business Day prior to the Offer to Purchase Payment Date deposit with the tender agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted; and (c) on the Offer to Purchase Payment Date, deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Company. The tender agent shall promptly mail to the Holders so accepted payment in an amount equal to the purchase price, and the Trustee shall as soon as reasonably practicable authenticate and mail to such Holders a Note equal in principal amount to any unpurchased portion of the Note surrendered; **provided that** each Note purchased and each Note issued shall be in a principal amount of US\$150,000 or integral multiples of US\$1 in excess thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Company will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Company and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

“Officer” means one of the directors or executive officers of the Company or, in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be.

“Officers’ Certificate” means a certificate signed by two Officers; **provided however, that** with respect to the Officers’ Certificate required to be delivered by any Subsidiary Guarantor under the Indenture, Officers’ Certificate means a certificate signed by one Officer if there is only one Officer in such Subsidiary Guarantor at the time such certificate is required to be delivered.

“Opinion of Counsel” means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be a counsel to the Company.

“Original Issue Date” means the date on which the Notes are originally issued under the Indenture.

“*Pari Passu* Guarantee” means a Guarantee by the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes) or any Subsidiary Guarantor or JV Subsidiary Guarantor; **provided that** (i) the Company, or such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, was permitted to Incur such Indebtedness under the covenant under the caption “Limitation on Indebtedness and Preferred Stock” and (ii) such Guarantee ranks *pari passu* with any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, or with any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

“Permitted Business” means any business which is the same as or related, ancillary or complementary to any of the businesses of the Company and its Restricted Subsidiaries on the Original Issue Date, which business, for avoidance of doubt, shall include (1) logistics and storage business, (2) online and traditional platforms for sales, trading and exchange of goods and services, (3) business of providing trade financing and small commercial loans to customers, online payment platform and any other internet related business, (5) financial services, (6) real estate development in residential, cultural, leisure and retirement related property projects, and (7) property management and business operation management of real estate projects.

“Permitted Holders” means any or all of the following:

- (1) China Guangdong — Hong Kong Greater Bay Area Holdings Limited;
- (2) any Affiliate (other than an Affiliate as defined in clause (ii) or (iii) of the definition of Affiliate) of any Person specified in clause (1); and
- (3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more of the Persons specified in clauses (1) and (2).

“Permitted Investment” means any of the following:

- (1) any Investment in the Company or a Restricted Subsidiary, directly or indirectly through one or more Restricted Subsidiaries, that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged, directly or indirectly through one or more Restricted Subsidiaries, in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged, directly or indirectly through one or more Restricted Subsidiaries, in a Permitted Business;
- (2) Temporary Cash Investments;
- (3) payroll, travel and similar advances made in the ordinary course of business to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;
- (4) stock, obligations or securities received in satisfaction of judgments;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;
- (6) any Investment pursuant to a Hedging Obligation not for speculation and designed solely to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;
- (7) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (8) Investments made by the Company or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with the covenant under the caption “— Limitation on Asset Sales” or “— Mandatory Redemption Upon Specified Asset Sales”;
- (9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “— Limitation on Liens”;
- (10) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;
- (11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;

- (12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company's consolidated balance sheet;
- (13) deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of business;
- (14) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers compensation claims, welfare and social benefits, property maintenance and other purposes specified by statute or regulation from time to time in the ordinary course of business;
- (15) deposits made in order to secure the performance of the Company or any Restricted Subsidiary, or prepayments made in connection with, the acquisition of real property or land use rights, personal property (including but not limited to Capital Stock) by the Company or any Restricted Subsidiary in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (16) advances or prepayments to government authorities or bodies or government-affiliated entities in connection with the financing of primary land development, land clearance or land resettlement in the PRC in the ordinary course of business that are recorded as assets in the Company's balance sheet;
- (17) an acquisition of assets, Capital Stock or other securities by the Company or a Subsidiary for consideration to the extent such consideration consists solely of Common Stock of the Company;
- (18) repurchases of the Notes;
- (19) any Investment (including without limitation any deemed Investment upon the sale of Capital Stock of a Restricted Subsidiary or the designation of a Restricted Subsidiary as an Unrestricted Subsidiary) by the Company or any Restricted Subsidiary in any Person; **provided that:**
 - (i) such Investment, together with the aggregate of all other Investments made under this clause (19) since the Measurement Date, shall not exceed in aggregate an amount equal to 30% of Total Assets. Such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made under this clause (19) since the Measurement Date resulting from:
 - (A) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause (19), in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income),

- (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date under this clause (19) of an obligation of any such Person,
 - (C) to the extent that an Investment made after the Measurement Date under this clause (19) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person under this clause (19), or
 - (D) such Person becoming a Restricted Subsidiary (whereupon all Investments (other than Permitted Investments) made by the Company or any Restricted Subsidiary in such Person since the Measurement Date shall be deemed to have been made pursuant to clause (1) of this “Permitted Investment” definition);
- (ii) the Person into which such Investment is made is primarily engaged in the Permitted Businesses;
 - (iii) if any of the other shareholders or partners in such Person in which such Investment was made is a Person described in clause (x) or (y) of the first paragraph of the covenant under the caption “— Limitation on Transactions with Shareholders and Affiliates” (other than by reason of such shareholder or partner being an officer or director of the Company or a Restricted Subsidiary or by reason of being a Restricted Subsidiary, Unrestricted Subsidiary or Minority Joint Venture), such Investment shall comply with the requirements of the covenant set forth under “— Limitation on Transactions with Shareholders and Affiliates”; and
 - (iv) no Default has occurred and is continuing or would occur as a result of such Investment.

For the avoidance of doubt, the value of each Investment made pursuant to this clause (19) shall be valued at the time such Investment is made;

- (20) Guarantees permitted by the covenant described under the caption entitled “— Limitation on Indebtedness and Preferred Stock”; and
- (21) any Investment deemed to have been made by the Company or any Restricted Subsidiary in the Restructuring Group in connection with the proposed Restructuring upon designation of the Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries, **provided that** (A) (i) the Board of Directors of the Company has determined in good faith that the designation of the Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries is necessary to obtain approval from a Qualified Exchange for the proposed Restructuring; and (ii) at the time of such designation, the members of the Restructuring Group remain Subsidiaries of the Company; and (B) the

aggregate of all Investments made under this clause (21) since the Original Issue Date shall not exceed an amount equal to 5.0% of Total Assets (for the avoidance of doubt, any portion of such Investments exceeding 5.0% of Total Assets shall not constitute a Permitted Investment pursuant to this item but may be made, characterized and accounted for in accordance with the other provisions of the Indenture).

“Permitted Liens” means any of the following:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers’ acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;
- (5) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;
- (6) any interest or title of a lessor in the property subject to any operating lease;
- (7) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; **provided that** such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired; **provided further that** such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (8) Liens in favor of the Company or any Restricted Subsidiary;
- (9) Liens arising from the attachment or rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;

- (10) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (11) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by clause (b)(6) of the covenant described under the caption “Limitation on Indebtedness and Preferred Stock”;
- (12) Liens existing on the Original Issue Date;
- (13) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (b)(5) of the covenant described under the caption entitled “Limitation on Indebtedness and Preferred Stock”; **provided that** such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (14) Deposits made or liens securing Indebtedness of the Company or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee which is permitted to be Incurred under clause (b)(7) of the covenant under the caption “Limitation on Indebtedness and Preferred Stock”;
- (15) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;
- (16) Liens (including extensions and renewals thereof) upon real or personal property or assets; **provided that** (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (b)(8) of the covenant under the caption entitled “Limitation on Indebtedness and Preferred Stock” and, with respect to the Indebtedness of the type described under clause (b)(8)(ii) under the caption entitled “Limitation on Indebtedness and Preferred Stock,” such Lien is created prior to, at the time of or within 180 days after the acquisition or the completion of development, construction or improvement of such property or assets, or the due date of the relevant cost or payment for land clearance or resettlement, as the case may be, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost of property or assets, subject to acquisition, development, construction or improvement, or the cost or payment for land clearance or resettlement of such property or assets, as the case may be, and (c) such Lien shall not extend to or cover any property or assets other than such item of property or assets and any improvements on such item, **provided that**, in the case of clauses (b) and (c), such Lien may cover other property or assets (instead of or in addition to such item of property or improvements) and the principal amount of Indebtedness secured by such

Lien may exceed 100% of such cost or payment if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of property or assets (as reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated financial statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (16) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;

- (17) Liens on deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (18) Liens on deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries in connection with the acquisition of real property or land use rights or personal property (including but not limited to Capital Stock) by the Company or any of its Restricted Subsidiaries in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (19) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers' compensation claims, welfare and social benefits and other purposes specified by statute or regulations in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (20) Liens on assets securing Indebtedness permitted to be Incurred under clause (b)(14) of the covenant described under the caption entitled "Limitation on Indebtedness and Preferred Stock";
- (21) Liens securing Indebtedness permitted to be Incurred by the Company or any Restricted Subsidiary under clause (b)(15) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";
- (22) Liens Incurred on cash deposits, bank accounts or other assets made to secure Bank Deposit Secured Indebtedness of the type described under clause (b)(16) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";
- (23) Liens on the Capital Stock of a Restricted Subsidiary granted by the Company or any Restricted Subsidiary in favor of any Trust Company Investor in respect of, and to secure, the Indebtedness permitted to be Incurred under clause (b)(17) of the covenant described under "— Certain Covenants — Limitation on Indebtedness and Preferred Stock";

- (24) Liens on Investment Properties securing Indebtedness of the Company or any Restricted Subsidiary permitted to be Incurred under clause (b)(18) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (25) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement or Minority Interest Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (b)(19) or (b)(22) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”;
- (26) Liens Incurred on deposits made to secure Entrusted Loans;
- (27) Liens on the Capital Stock of a Minority Joint Venture or other assets owned by the Company or a Restricted Subsidiary securing its obligation to Invest in such Minority Joint Venture that is proportionate to its ownership interest in the Minority Joint Venture, **provided that**, (i) the other shareholders or partners in such Minority Joint Venture have Invested the proportionate share in such Minority Joint Venture of the Company or such Restricted Subsidiary, as the case may be, (ii) Liens incurred pursuant to this clause (27) are made in favor of the other shareholders or partners in such Minority Joint Venture, and (iii) the aggregate Fair Market Value of such Capital Stock or other assets subject to Liens incurred pursuant to this clause (27) does not exceed 6.0% of Total Assets;
- (28) Liens securing Indebtedness Incurred under clause (b)(20), (b)(21) or (b)(23) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”; and
- (29) Liens on assets of a Non-Guarantor Subsidiary securing any Permitted Subsidiary Indebtedness of any Non-Guarantor Subsidiary permitted to be Incurred under the proviso in paragraph (1) of the covenant described under “— Certain Covenants — Limitation on Indebtedness and Preferred Stock.”

“Permitted Subsidiary Indebtedness” means Indebtedness (other than Public Indebtedness) of, and all Preferred Stock issued by, the Non-Guarantor Subsidiaries, taken as a whole; **provided that**, on the date of the Incurrence of such Indebtedness or issuance of such Preferred Stock, as the case may be, and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness and Preferred Stock (excluding the amount of any Indebtedness of any Restricted Subsidiary permitted under clauses (b)(1), (b)(2), (b)(4), (b)(6) and (b)(7) of the covenant described under the caption “— Certain Covenants — Limitation on Indebtedness and Preferred Stock”) does not exceed an amount equal to 30% of Total Assets.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“PRC” means the People’s Republic of China, excluding, solely for purposes of this definition, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

“PRC CJV” means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (amended on November 4, 2017 and superseded by the Foreign Investment Law of the People’s Republic of China adopted on January 1, 2020) 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 (amended on November 17, 2017 and superseded by the Regulation for Implementing the Foreign Investment Law of the People’s Republic of China adopted 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.

“PRC Restricted Subsidiary” means a Restricted Subsidiary organized under the laws of the PRC.

“Pre-Registration Mortgage Guarantee” means any Indebtedness of the Company or any Restricted Subsidiary consisting of a guarantee in favor of any bank or other similar financial institutions in the ordinary course of business of secured loans of purchasers of individual units of properties from the Company or any Restricted Subsidiary; **provided that**, any such guarantee shall be released in full on or before the perfection of a security interest in such properties under applicable law in favor of the relevant lender.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Public Indebtedness” means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

“Qualified Exchange” means either (1) The New York Stock Exchange, the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the Nasdaq Stock Market, Singapore Exchange Securities Trading Limited, The Shanghai Stock Exchange or The Shenzhen Stock Exchange or (2) a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act).

“Qualified IPO” means an initial public offering, and a listing, of common shares of a company on a Qualified Exchange; **provided that** in the case that such listing is on a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act), such

listing shall result in a public float of not less than the percentage required by the applicable listing rules.

“Receivable” means a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement which permits another Person to pay for goods or services on credit.

“Receivable Financing” means any financing transaction or series of financing transactions that have been or may be entered into by the Company or any Restricted Subsidiary pursuant to which the Company or any Restricted Subsidiary may, directly or indirectly, sell, convey or otherwise transfer to another Person, or may grant a security interest in, any of Receivables or interests therein (including without limitation, all security interests in goods financed thereby (including equipment and property), the proceeds of such Receivables, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitization or factoring transactions involving such assets) for credit or liquidity management purposes (including discounting, securitization or factoring transactions) either (i) in the ordinary course of business or (ii) by way of selling securities by such other Person that are, or are capable of being, listed on any stock exchange or in any securities market and are offered using an offering memorandum or similar offering document.

“Receivable Financing Assets” means assets that are underlying and are sold, conveyed or otherwise transferred or pledged in a Receivable Financing.

“Replacement Assets” means, on any date, property or assets of a nature or type or that are used in a Permitted Business, including the Capital Stock of any Person holding such property or asset, which is primarily engaged in a Permitted Business and is or will become, upon the acquisition by the Company or any Restricted Subsidiary of such Capital Stock, a Restricted Subsidiary.

“Restricted Subsidiary” means any Subsidiary of the Company other than an Unrestricted Subsidiary.

“Restructuring” means the restructuring and Qualified IPO of the common shares of a Subsidiary of the Company in the Restructuring Group.

“Restructuring Group” means the group of Subsidiaries of the Company which the Company may spin off and separately list on a Qualified Exchange as part of the Restructuring.

“S&P” means Standard & Poor’s Ratings Services and its successors.

“Sale and Leaseback Transaction” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

“Second Redemption Amount” equals to 6% of the Issue Amount minus the aggregate principal amount of the Notes redeemed or repurchased by the Company pursuant to sub-clause

(i)(X) of the first paragraph under the caption “Mandatory Redemption Upon Specified Asset Sales” and the captions “Mandatory Redemption,” “Optional Redemption,” “Repurchase of Notes upon a Change of Control,” “Redemption for Taxation Reasons” and “Limitation on Asset Sales” during the period from (and including) the Original Issue Date to (and including) the 24th Month Monthiversary Date.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Securitization Fees” means distributions or payments made directly or by means of discounts with respect to any Receivable Financing Assets or participation in interest therein issued or sold in connection with and other fees paid to a Person that is not a Restricted Subsidiary in connection with any Receivable Financing.

“Senior Indebtedness” of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to (a) in respect of the Company, the Notes, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee, or (c) in respect of any Restricted Subsidiary that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; **provided that** Senior Indebtedness does not include (i) any obligation to the Company or any Restricted Subsidiary, (ii) trade payables or (iii) Indebtedness Incurred in violation of the Indenture.

“Significant Restricted Subsidiary” means a Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) that would be a “significant subsidiary” within the meaning of the definition of “significant subsidiary” in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Original Issue Date; **provided that** in each instance in such definition in which the term “10 percent” is used, the term “5 percent” shall be substituted therefor.

“Specified Asset Permitted Liens” means any Lien which is incurred, assumed or permitted to (i) facilitate a Specified Asset Sale or (ii) secure Indebtedness of a Restricted Subsidiary, **provided that** in the case of (ii), the aggregate outstanding principal amount of all such Indebtedness secured by Liens on the Specified Assets shall not exceed 80% of the aggregate fair value of all Specified Assets (as measured in accordance with GAAP and reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated statements)).

“Specified Asset Sale” means any sale, transfer or other disposition of one or more Specified Assets on or after the Original Issue Date, including by way of issuance or sale of Capital Stock of a Restricted Subsidiary that directly or indirectly owns the Specified Asset.

“Specified Assets” means (1) the Huahai project under development and sale located in Tangxia town, Dongguan City with an estimated saleable area of 43,800 square meters, of which the Company indirectly owns 51% of the interest, (2) pieces of lands located in Jiamusi City with a site area of 484,708 square meters, of which the Company indirectly owns 100% of the

interest, and (3) pieces of lands located in Bangkok Thailand with a site area of 590,700 square meters, of which the Company indirectly owns 36.43% of the interest.

“Staged Acquisition Agreement” means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire not less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity which is controlled and consolidated by such Person in accordance with GAAP.

“Subsidiary Guarantee” means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; **provided that** Subsidiary Guarantor will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

“Temporary Cash Investment” means any of the following:

- (1) direct obligations of the United States of America, the United Kingdom, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, the United Kingdom, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing, in each case maturing within one year, which in the case of obligations of, or obligations Guaranteed by, the United Kingdom and any state of the European Economic Area, shall be rated at least “A” by S&P or Moody’s;

- (2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, the United Kingdom, any state of the European Economic Area or Hong Kong, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US\$100.0 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;
- (4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof, or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P or Fitch;
- (5) securities maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P, Moody’s or Fitch;
- (6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;
- (7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with any other bank, trust company or other financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations; and
- (8) structured deposit products that are principal protected with any bank or financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations if held to maturity (which shall not be more than one year) and can be withdrawn at any time with no more than six months’ notice.

“Third Redemption Amount” equals to 11% of the Issue Amount minus the aggregate principal amount of the Notes redeemed or repurchased by the Company pursuant to sub-clause (i)(X) of the first paragraph under the caption “Mandatory Redemption Upon Specified Asset Sales” and the captions “Mandatory Redemption,” “Optional Redemption,” “Repurchase of Notes upon a Change of Control,” “Redemption for Taxation Reasons” and “Limitation on Asset

Sales” during the period from (and including) the Original Issue Date to (and including) the 30th Month Monthiversary Date.

“Total Assets” means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements); **provided that** any assets arising from any operating lease shall be excluded, and **provided further that**, only with respect to clause (b)(8) of the “Certain Covenants — Limitation on Indebtedness and Preferred Stock” covenant and the definition of “Permitted Subsidiary Indebtedness,” Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, in each case as of such date, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness; and **provided further that**, with respect to the calculation of the percentage of Total Assets represented by the Consolidated Assets of the Offshore Non-Guarantor Subsidiaries, the amount of Total Assets shall be calculated after giving pro forma effect to any sale or issuance of Capital Stock to relevant Independent Third Parties.

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“Transaction Date” means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“Trust Company Investor” means an Independent Third Party that is a financial institution, including but not limited to a bank, a trust company, a securities management company, an asset management company or an insurance company, or an Affiliate thereof, that Invests in any Capital Stock of a Restricted Subsidiary.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian

with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; **provided that** (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; **provided that** Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries unless such Person or one or more Wholly Owned Subsidiaries of such Person are entitled to 95% or more of the economic benefits distributable by such Subsidiary.

TAXATION

The following summary of certain Cayman Islands, British Virgin Islands, Hong Kong, PRC and European Union tax consequences of the purchase, ownership and disposition of New Notes is based upon applicable laws, regulations, rulings and decisions as of the date of this exchange offer memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the New Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of New Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of New Notes, including such possible consequence under the laws of their country of citizenship, residence or domicile.

Cayman Islands Taxation

The following is a discussion on certain Cayman Islands income tax consequences of an investment in the New Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Cayman Islands law.

Payments of interest and principal on the New Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or a dividend or capital to any holder of the New Notes, nor will gains derived from the disposal of the New Notes be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the New Notes. An instrument of transfer in respect of a New Note is stampable if executed in or brought into the Cayman Islands.

British Virgin Islands Taxation

There is no income or other tax in the British Virgin Islands imposed by withholding or otherwise on any payment to be made to or by the Subsidiary Guarantors pursuant to the Subsidiary Guarantees.

Hong Kong Taxation

The following summary is only based on current Hong Kong legislation, and is therefore subject to change by any future amendments of the law which could affect the New Notes.

Withholding Tax

No withholding tax in Hong Kong is payable on payments of principal, interest or additional amounts, if any, in respect of the New Notes.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a New Note (for so long as the register of holders of the New Notes is maintained outside Hong Kong, or the New Note continues to be denominated in U.S. dollars and cannot in any extent be redeemed in Hong Kong dollars).

Profits Tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business.

Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “Inland Revenue Ordinance”) as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal, exchange or redemption of the New Notes where such sale, disposal, exchange or redemption is or forms part of a trade, profession or business carried on in Hong Kong.

Interest on or in respect of the New Notes also will be subject to Hong Kong profits tax where such interest is received by or accrues to:

- a financial institution (as defined in the Inland Revenue Ordinance) and the income arises through or from the carrying on by the financial institution of its business in Hong Kong;
- a corporation carrying on a trade, profession or business in Hong Kong; or
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such payments are in respect of the funds of the trade, profession or business.

PRC Taxation

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of New Notes to non-resident enterprises is based upon applicable laws, rules and regulations in effect as of the date of this exchange offer memorandum, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the New Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of New Notes should consult their own tax advisors concerning the tax

consequences of the purchase, ownership and disposition of New Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Taxation on Interest

The PRC EIT Law and its implementation regulations impose a tax at the rate of 10% on interests paid to holders of the New Notes that are “non-resident enterprises” so long as such “non-resident enterprise” holder does not have an establishment or place of business in China or, if there is an establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China, to the extent such interests are sourced within China. Pursuant to these provisions of the PRC tax law, despite many uncertainties with respect to their application, if we are considered a PRC resident enterprise, the interest payable to the non-resident enterprise holders on the New Notes may be treated as income derived from sources within China and be subject to the PRC withholding tax. Such interest payable to non-resident individual investors may be subject to PRC income tax at the rate of 20%. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate will apply to qualified investors in the New Notes.

Taxation on Capital Gains

The PRC EIT Law and its implementation regulations impose a tax at the rate of 10% on capital gains realized by holders of the New Notes that are “non-resident enterprises” so long as any such “non-resident enterprise” holder does not have an establishment or place of business in China or, if there is an establishment or place of business in China, the relevant gain is not effectively connected with such establishment or place of business in China, to the extent such capital gains are sourced within China. Pursuant to these provisions of the PRC EIT law, despite many uncertainties with respect to their application, if we are considered a PRC resident enterprise, the capital gains realized by holders of the New Notes may be treated as income derived from sources within China and be subject to the PRC tax. Such capital gains to non-resident individual investors may be subject to PRC income tax at the rate of 20%. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate will apply to qualified investors in the New Notes.

Stamp Duty

No PRC stamp tax will be chargeable upon the issue or transfer (for so long as the register of holders of the New Notes is maintained outside the PRC, as is expected to be the case) of a New Note.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult their legal counsel prior to making any offer, sale, resale, pledge or other transfer of the New Notes.

The New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except in accordance with Regulation S or pursuant to another exemption from the registration requirements of the U.S. Securities Act. Accordingly, the New Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. As used herein, the term “United States” has the meaning given to it in Regulation S.

By its purchase of the New Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), each purchaser will be deemed to have:

1. represented that it is not a U.S. person (as defined in Regulation S) or purchasing for the account or benefit of a U.S. person and it is purchasing the New Notes in an offshore transaction in accordance with Regulation S;
2. represented that it is purchasing the New Notes, including the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any), for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is for non-U.S. persons outside the United States;
3. acknowledged that the New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) have not been and will not be registered under the U.S. Securities Act and that the New Notes may not be offered or sold to U.S. persons or within the United States except pursuant to registration under the U.S. Securities Act, or in transactions exempted from, or not subject to, the registration requirements of the U.S. Securities Act;
4. agreed that it will inform each person to whom it transfers the New Notes of any restrictions on the transfer of such New Notes;
5. acknowledged that neither we nor the Dealer Manager nor any person representing us or the Dealer Manager have made any representation to you with respect to us or the offering of the New Notes, other than the information contained in this exchange offer memorandum. You represented that you are relying only on this exchange offer memorandum in making your investment decision with respect to the New Notes. You agreed that you have had access to such financial and other information concerning us and the New Notes as you have deemed necessary in connection with your decision to purchase the New Notes including an opportunity to ask questions of and request information from us;

6. represented that you are purchasing the New Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the New Notes in violation of the U.S. Securities Act;
7. acknowledged that the New Notes will be represented by the Global Note; and
8. acknowledged that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATIONS UNDER THE U.S. SECURITIES ACT, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT TO THE COMPANY'S AND THE NEW NOTES PAYING AND TRANSFER AGENT'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATIONS UNDER THE U.S. SECURITIES ACT.

You also acknowledge that the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the New Notes Paying and Transfer Agent, the New Notes Registrar, the Dealer Manager, the New Notes Trustee and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. You agree that if any of the acknowledgements, representations or agreements you are deemed to have made by your purchase of the New Notes is no longer accurate, you will promptly notify the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the New Notes Paying and Transfer Agent, the New Notes Registrar, the New Notes Trustee and the Dealer Manager. If you are acquiring any New Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

LEGAL MATTERS

Certain legal matters with respect to this Exchange Offer will be passed upon for us by Sidley Austin as to matters of United States federal law, New York law and Hong Kong law, and Maples and Calder (Hong Kong) LLP as to matters of Cayman Islands law and British Virgin Islands law. Certain legal matters will be passed upon for the Dealer Manager by Clifford Chance as to matters of United States federal and New York law and Global Law Office as to matters of PRC law.

INDEPENDENT AUDITOR

With respect to the unaudited financial information as of and for the six months ended June 30, 2022 reproduced in this exchange offer memorandum, Reanda Lau & Au Yeung (HK) CPA Limited has reviewed the financial information in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants as stated in its review report appearing herein. The review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable them to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, they do not express an audit opinion. The degree of reliance on such information should be restricted in light of the limited nature of the review procedures applied.

GENERAL INFORMATION

Consents

We have obtained all necessary consents, approvals and authorizations in the Cayman Islands, the British Virgin Islands and Hong Kong in connection with the issue and performance of the New Notes, the Subsidiary Guarantees and the JV Guarantees. The entering into of the Indenture and the issue of the New Notes have been authorized by our board of directors.

Documents Available

For so long as any of the New Notes are outstanding, copies of the Indenture may be available free of charge upon prior written request and proof of holding and identity to the satisfaction of the New Notes Trustee, during usual business hours (being between 9:00 a.m. to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) from the office of the New Notes Trustee.

For so long as any of the New Notes are outstanding, copies of our audited financial statements for the past two fiscal years, if any, may be obtained during normal business hours on any weekday (except public holidays) at the registered office of the Company.

Clearing Systems and Settlement

The New Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the New Notes is set forth below:

	<u>ISIN</u>	<u>Common Code</u>
Regulation S New Notes	XS2609459123	260945912

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

Listing of the New Notes

Application will be made to the SGX-ST for the listing and quotation of the New Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing and quotation of any New Notes on the SGX-ST are not to be taken as an indication of the merits of the offering, the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors or any of their respective subsidiaries or associated companies (if any), the New Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

Under the rules of the SGX-ST, the New Notes if traded on the SGX-ST are required to be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, for so long as the New Notes are listed on the SGX-ST and the rules of the

SGX-ST so require, the New Notes if traded on the SGX-ST will be traded in a minimum board lot size of US\$200,000. For so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, we will appoint and maintain a paying agent in Singapore, where the definitive notes representing the New Notes may be presented or surrendered for payment or redemption, in the event that a Global Note is exchanged for definitive New Notes. In addition, in the event that a Global Note is exchanged for definitive New Notes, an announcement of such exchange shall be made by or on behalf of us through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive New Notes, including details of the paying agent in Singapore.

APPENDIX A
RESTRUCTURING SUPPORT AGREEMENT

DATED April 17, 2023

COMPANY

**GUANGDONG – HONG KONG GREATER BAY AREA HOLDINGS LIMITED
(粵港灣控股有限公司)**

AND

SUBSIDIARY GUARANTORS

TRADE LOGISTICS ENTERPRISES LIMITED (業運企業有限公司)

ABUNDANT IDEA INVESTMENTS LIMITED (訊溢投資有限公司)

COPIOUS EPOCH LIMITED (世溢有限公司)

JIAYUE LIMITED (佳粵有限公司)

HONGKONG HYDOO HOLDING LIMITED (香港毅德控股有限公司)

**HONGKONG HYDOO GROUP INVESTMENT COMPANY LIMITED (香港毅德集團投資
有限公司)**

HONGKONG CHINA HYDOO LOGISTIC LIMITED (香港中國毅德物流有限公司)

HONGKONG DESHANG BRIGHT OCEAN LIMITED (香港德尚時光海有限公司)

UNION CAPITAL HOLDINGS LIMITED (滙聯集團有限公司)

HONGKONG HYDOO FINANCIAL HOLDING LIMITED (香港毅德金融控股有限公司)

AND

CERTAIN NOTEHOLDERS

RESTRUCTURING SUPPORT AGREEMENT

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THIS RESTRUCTURING SUPPORT AGREEMENT (the “**Agreement**”) is made as a deed and dated April 17, 2023.

THE PARTIES:

- (1) **GUANGDONG – HONG KONG GREATER BAY AREA HOLDINGS LIMITED** (粵港灣控股有限公司), an exempted company incorporated with limited liability under the laws of the Cayman Islands, and its registered office at PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands (the “**Company**”).
- (2) **TRADE LOGISTICS ENTERPRISES LIMITED** (業運企業有限公司), a BVI business company incorporated with limited liability under the laws of the BVI, and its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (“**Trade Logistics**”).
- (3) **ABUNDANT IDEA INVESTMENTS LIMITED** (訊溢投資有限公司), a BVI business company incorporated with limited liability under the laws of the BVI, and its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (“**Abundant Idea**”).
- (4) **COPIOUS EPOCH LIMITED** (世溢有限公司), a BVI business company incorporated with limited liability under the laws of the BVI, and its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (“**Copious Epoch**”).
- (5) **JIAYUE LIMITED** (佳粵有限公司), a BVI business company incorporated with limited liability under the laws of the BVI, and its registered office at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (“**Jiayue**”).
- (6) **HONGKONG HYDOO HOLDING LIMITED** (香港毅德控股有限公司), a limited liability company incorporated in Hong Kong, and its registered office at Room 1509, 15/F, Tower One, Silvercord, No. 30 Canton Road, Kowloon, Hong Kong (“**Hongkong Hydoos Holding**”).
- (7) **HONGKONG HYDOO GROUP INVESTMENT COMPANY LIMITED** (香港毅德集團投資有限公司), a limited liability company incorporated in Hong Kong, and its registered office at Room 1509, 15/F, Tower One, Silvercord, No. 30 Canton Road, Kowloon, Hong Kong (“**Hongkong Hydoos Group**”).
- (8) **HONGKONG CHINA HYDOO LOGISTIC LIMITED** (香港中國毅德物流有限公司), a limited liability company incorporated in Hong Kong, and its registered office at Room 1509, 15/F, Tower One, Silvercord, No. 30 Canton Road, Kowloon, Hong Kong (“**Hongkong China Hydoos**”).
- (9) **HONGKONG DESHANG BRIGHT OCEAN LIMITED** (香港德尚時光海有限公司), a limited liability company incorporated in Hong Kong, and its registered office at Room 1509, 15/F, Tower One, Silvercord, No. 30 Canton Road, Kowloon, Hong Kong (“**Hongkong Deshang**”).
- (10) **UNION CAPITAL HOLDINGS LIMITED** (滙聯集團有限公司), a limited liability company incorporated in Hong Kong, and its registered office at Room 1509, 15/F, Tower One, Silvercord, No. 30 Canton Road, Kowloon, Hong Kong (“**Union Capital**”).
- (11) **HONGKONG HYDOO FINANCIAL HOLDING LIMITED** (香港毅德金融控股有限公司), a limited liability company incorporated in Hong Kong, and its registered office at Room

1509, 15/F, Tower One, Silvercord, No. 30 Canton Road, Kowloon, Hong Kong (together with Trade Logistics, Abundant Idea, Copious Epoch, Jiayue, Hongkong Hydo Holding, Hongkong Hydo Group, Hongkong China Hydo, Hongkong Deshang and Union Capital, the “**Subsidiary Guarantors**”).

- (12) **KROLL ISSUER SERVICES LIMITED**, in its capacity as Information, Exchange and Tabulation Agent (as defined in Schedule 1), only with respect to Clause 5.4.
- (13) Certain **noteholders** as Consenting Creditors.

THE BACKGROUND:

- (A) Unless the Company deems (in its sole discretion) that there is enough support to proceed with consummating the exchange offer launched at the same time as this Agreement in accordance with the terms and conditions set forth in the exchange offer memorandum dated the date hereof (the “**Exchange Offer**”) and the consummation of the Exchange Offer remains viable, the Company wishes to implement the Restructuring via the Scheme.
- (B) Each Consenting Creditor is a contingent creditor of the Company by virtue of holding a beneficial interest as principal in one or more series of the Existing Notes.
- (C) The Scheme will be structured as a compromise between the Company and those persons who hold a beneficial interest as principal in the Existing Notes at the Record Time. In order to be presented for sanction by the Court, the Scheme must first be approved by a majority in number of Scheme Creditors representing at least seventy-five percent (75%) by value of the Existing Notes that are present and voting (in person or by proxy) at the Scheme Meeting.
- (D) Each Consenting Creditor is entering into this Agreement to enable the Scheme to proceed with an enhanced prospect of success on the terms and conditions set out in this Agreement.

THE OPERATIVE PROVISIONS:

IT IS AGREED as follows:

1 DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement, each word, phrase or expression shall (unless the context otherwise requires) bear the meaning attributed to it in Part A of Schedule 1.
- 1.2 Save as otherwise expressly provided, the principles of interpretation set out in Part B of Schedule 1 shall be applied in construing the provisions of this Agreement.

2 RESTRUCTURING SUPPORT

- 2.1 Each Consenting Creditor hereby confirms that it shall use its beneficial interest in the Existing Notes to approve and fully support the Restructuring and the Scheme on the terms and subject to the conditions set out in this Agreement.
- 2.2 This Agreement sets out the Parties’ entire understanding of the Restructuring and supersedes any previous agreement between any of the Parties with respect to the Restructuring.
- 2.3 Subject to the terms of this Agreement, the Existing Finance Documents shall continue in full force and effect in accordance with their respective terms.

3 UNDERTAKINGS

3.1 Subject to Clause 3.2, and in consideration for the compliance by the Company and the Subsidiary Guarantors with their respective obligations under Clause 3.3, each Consenting Creditor irrevocably undertakes in favour of the Company that it will:

- (a) tender all of its Existing Notes for exchange pursuant to the Exchange Offer, if the Exchange Offer has not expired or been terminated at the time of such Consenting Creditor's accession to this Agreement;
- (b) submit, or have submitted on its behalf, a validly completed Accession Letter with its evidence of holdings (if applicable) to the Information, Exchange and Tabulation Agent via the RSA Accession Portal prior to the relevant deadline;
- (c) work in good faith with the Company and its advisors to implement the Restructuring in a timely manner and in a manner consistent with the terms of this Agreement and the Term Sheet;
- (d) take all such actions as are necessary to:
 - (i) cause its Account Holder to submit to the Information, Exchange and Tabulation Agent a validly completed Account Holder Letter together with an electronic instruction (as applicable), in respect of the outstanding principal amount of the Existing Notes in which it holds a beneficial interest as principal for the purposes of voting its holdings at the Record Time for the Scheme at the relevant deadline;
 - (ii) attend the Scheme Meeting either in person or by proxy; and
 - (iii) vote and deliver within any applicable time periods any proxies, instructions, directions or consents in respect of all Existing Notes in which it holds a beneficial interest as principal, including (without limitation) to vote in favour of the Scheme in respect of the aggregate outstanding principal amount of all Existing Notes in which it holds a beneficial interest as principal at the Record Time (as set out in its Account Holder Letter and/or electronic instruction (as applicable)) at the Scheme Meeting;
- (e) not take, commence or continue any Enforcement Action, whether directly or indirectly, to delay the Scheme Effective Date, interfere with the implementation of the Restructuring and/or the Scheme, or the consummation of the transactions contemplated thereby, except to the extent that such Scheme Document is materially inconsistent with the terms as set out in the Term Sheet;
- (f) provide reasonable support and assistance to the Obligors (at the Company's cost) to prevent the occurrence of an Insolvency Proceeding in respect of each Obligor or any of its Subsidiaries, including, without limitation, supporting any application, filing and/or petition to the courts of any jurisdiction in connection with the same, including (but not limited to) filing any evidence in support of either Obligor's opposition to a creditor seeking to commence any adverse action;
- (g) not object to the Scheme or any application to the Court in respect thereof or otherwise commence any proceedings to oppose or alter any Scheme Document filed by the Company in connection with the confirmation of the Restructuring, except to the extent that such Scheme Document is materially inconsistent with the terms as set out in the Term Sheet;

- (h) not take any actions (or solicit or encourage any person to take any actions) inconsistent with, or that would, or are intended to, or would be likely to delay, impede, frustrate or prevent approval, confirmation or implementation of, the Restructuring or any related documents, except to the extent that the Restructuring and any related documents are materially inconsistent with the terms as set out in the Term Sheet;
- (i) support any actions taken by the Obligors to obtain recognition or protection of the Restructuring in a relevant insolvency or bankruptcy court of any competent jurisdiction and take all other commercially reasonable actions reasonably requested by the Company to implement or protect the Restructuring, but without incurring any additional Liability or cost, unless at the expense of the Group;
- (j) not formulate, encourage, procure or otherwise support any alternative proposal or alternate offer for the implementation of the Restructuring or to otherwise engage in any such discussions or take any action which would delay, impede, frustrate or prevent any approvals for the Restructuring or the consummation of any transaction contemplated thereby;
- (k) not sell, transfer or otherwise dispose of, or instruct any Account Holder or Intermediary that holds an interest in the Existing Notes on its behalf to sell, transfer or otherwise dispose of, all or any part of its Restricted Notes and any additional Existing Notes purchased or otherwise acquired by that Consenting Creditor after the date of this Agreement or its Accession Letter (as applicable) unless the transfer has been made in accordance with Clause 6; and
- (l) notify the Company via the Information, Exchange and Tabulation Agent of any purported change (whether an increase or decrease) to its holdings of Restricted Notes as soon as reasonably practicable, and in any event within five (5) Business Days from the date of such change, by sending an Increase/Decrease Notice to the Information, Exchange and Tabulation Agent via the RSA Accession Portal at (<https://deals.is.kroll.com/younggo-rsa>) (the Company and Information, Exchange and Tabulation Agent may determine that any Transfer which does not adhere to such timings is not valid). Please visit the RSA Accession Portal (<https://deals.is.kroll.com/younggo-rsa>) for further information on how the Increase/Decrease Notice needs to be submitted to the Information, Exchange and Tabulation Agent.

3.2 Nothing in this Agreement shall require any Consenting Creditor to take, or omit to take, any action that would:

- (a) be contrary to any applicable law or regulation; or
- (b) result in the Consenting Creditor incurring any Liability, other than as expressly contemplated by this Agreement.

3.3 If the Company and the Subsidiary Guarantors are implementing the Restructuring via the Scheme, the Company undertakes to, and the Subsidiary Guarantors will use best endeavors to procure that, the Company will:

- (a) pay or procure payment of the Instruction Fee:
 - (i) in accordance with Clause 5 (*Instruction Fee*); and
 - (ii) free and clear of and without any deduction or withholding for or on account of Tax unless it is required to make such a deduction or withholding, in which case the Instruction Fee payable shall be increased to the extent necessary to ensure

that each Consenting Creditor receives a sum net of any deduction or withholding equal to the sum which it would have received had no such deduction or withholding been made or required to be made;

- (b) implement the Restructuring and the Scheme in the manner envisaged by, and substantially on the terms and conditions set out in, this Agreement and the Term Sheet;
- (c) prepare, review, and finalize (as applicable), in good faith, the Scheme Document and any and all other documents required to implement the Restructuring such that they are consistent in all material respects with the terms as set out in the Term Sheet;
- (d) upon the Scheme Document being finalized, promptly propose, file and pursue expeditiously any legal process or proceedings contemplated by or required to implement the Restructuring, including (without limitation) the Scheme;
- (e) take any actions pursuant to any order of, or sanction by, any relevant courts (including, without limitation, the Court) as may be required or necessary to implement or give effect to the Restructuring;
- (f) use reasonable endeavours to procure that the Scheme Effective Date occurs and the Restructuring is fully implemented on or before the Longstop Date;
- (g) use reasonable endeavours to obtain any necessary regulatory or statutory approval required to permit or facilitate the Restructuring (including, without limitation, any approval of the HKEx or the SGX as may be required);
- (h) use reasonable endeavours to obtain all corporate and regulatory approvals necessary to implement the Restructuring in the manner envisaged by, and substantially on the terms and conditions set out in, this Agreement and the Term Sheet;
- (i) prior to the Record Time, to the extent practicable, cancel or procure the cancellation of any Existing Notes that it or any other member of the Group has a beneficial interest in or which it or any other member of the Group has redeemed, converted, acquired or purchased, and for the avoidance of doubt, any such Existing Notes owned by the Group shall not be voted at the Scheme Meeting; and
- (j) keep the Consenting Creditors reasonably informed in relation to the status and progress of the Restructuring, including following a reasonable request by any legal advisor to the Consenting Creditors.

4 RIGHTS AND OBLIGATIONS

4.1 The obligations of the Company and Subsidiary Guarantors under this Agreement are joint and several, and the obligations of each Consenting Creditor under this Agreement are several (not joint, nor joint and several). Failure by a Consenting Creditor to perform its obligations under this Agreement does not affect the obligations of any other Consenting Creditor under this Agreement. No Consenting Creditor is responsible for the obligations of any other Consenting Creditor under this Agreement.

4.2 The rights of each Party under or in connection with this Agreement are separate and independent rights. A Party may separately enforce its rights under this Agreement.

4.3 The Liability of each Consenting Creditor for its obligations under this Agreement shall be several only (and not joint, nor joint and several) and shall extend only to any loss or damage arising out of its own breaches of this Agreement and failure by a Consenting Creditor to perform

its obligations under this Agreement shall not prejudice the rights and/or obligations of any other Consenting Creditor.

5 INSTRUCTION FEE

Instruction Fee

5.1 Subject to Clauses 5.2 and 5.3, if the Restructuring is implemented and the Restructuring Effective Date occurs, the Company or the Subsidiary Guarantors will pay, or procure to be paid, the Instruction Fee with respect to each Eligible Restricted Note which has validly been made subject to this Agreement by a Consenting Creditor prior to or on the Instruction Fee Deadline.

5.2 The Instruction Fee will be paid on the Restructuring Effective Date (or as soon as practicable thereafter):

- (a) to the Consenting Creditor who validly held such Eligible Restricted Note as of the Instruction Fee Deadline and still holds it at the Record Time, provided that it fully complies with the requirements of Clause 5.3 and that no Transfer or purported Transfer of such Eligible Restricted Note has occurred after the Instruction Fee Deadline; or
- (b) to the Consenting Creditor who is the transferee by a valid Transfer (or, if applicable, a chain of valid Transfers) of such Eligible Restricted Note in accordance with Clause 6 after the Instruction Fee Deadline and as a result holds them at the Record Time, provided that it fully complies with the requirements of Clause 5.3.

Notwithstanding the above:

- (c) any Transfer (or, if applicable, chain of Transfers) of an Eligible Restricted Note must be completed strictly in accordance with Clause 6 (including without limitation indicating in each Increase/Decrease Notice that the acquired Restricted Note was an Eligible Restricted Note); upon any Transfer or purported Transfer of an Eligible Restricted Note, the transferor relinquishes its entitlement to the Instruction Fee in respect of such Note; and a valid Transfer (or, if applicable, chain of valid Transfers) of the Eligible Restricted Note in accordance with Clause 6 is the only way a person (other than the person referred to in Clause 5.2(a) above) may acquire an entitlement to the Instruction Fee; and
- (d) where a purported Transfer (or, if applicable, chain of Transfers) is not completed strictly in accordance with Clause 6 (including, without limitation, where a trade has taken place but the forms required under this Agreement (including any applicable evidence of holding) have not been validly provided to the Information, Exchange and Tabulation Agent), it is agreed neither the transferor nor the transferee (regardless of whether such persons are Consenting Creditors) will be entitled to claim (or Transfer) the Instruction Fee in respect of any Eligible Restricted Note subject to the purported Transfer, and the aggregate amount payable by the Company or Subsidiary Guarantors in respect of the Instruction Fee will be reduced accordingly.

5.3 In order to receive the Instruction Fee, a Consenting Creditor:

- (a) must have (i) instructed to tender all of its Existing Notes for exchange pursuant to the Exchange Offer or (ii) acquired, in compliance with Clauses 5.2 and 6, its Eligible Restricted Notes from a Consenting Creditor who instructed to tender all such Existing Notes in favour of the Exchange Offer;

- (b) must have submitted, or have submitted on its behalf, a validly completed Accession Letter with its evidence of holdings (if applicable) to the Information, Exchange and Tabulation Agent via the RSA Accession Portal prior to the relevant deadline;
- (c) must vote in favour of the Scheme at the Scheme Meeting;
- (d) must vote all of the Existing Notes then held by it in favour of the Scheme at the Scheme Meeting;
- (e) must not have exercised its rights to terminate this Agreement; and
- (f) must not have breached any provision of this Agreement, including but not limited to, any of the undertakings set out in Clause 3 or Clause 6,

otherwise the Consenting Creditor shall not be entitled to any Instruction Fee.

Information, Exchange and Tabulation Agent

5.4 Each Consenting Creditor acknowledges and agrees that:

- (a) the Information, Exchange and Tabulation Agent shall be responsible for:
 - (i) receipt and processing of the Accession Letters and Increase/Decrease Notices; and
 - (ii) overseeing evidence of holdings of the Consenting Creditors as per the procedures described herein;
- (b) the Information, Exchange and Tabulation Agent intends to, promptly following the Instruction Fee Deadline, contact the Consenting Creditors whose Restricted Notes qualified as Eligible Restricted Notes as at the Instruction Fee Deadline;
- (c) the decision of the Information, Exchange and Tabulation Agent and/or the Company in relation to any reconciliation of entitlement (including entitlement to any Instruction Fee), Eligible Restricted Notes and calculations (as applicable) which may be required, including the Information, Exchange and Tabulation Agent's determination of whether the provisions and timings set out in this Agreement have been complied with, shall be final (in the absence of manifest error), and may not be disputed by any Consenting Creditor. Each Consenting Creditor hereby unconditionally and irrevocably waives and releases any claims which may arise against the Information, Exchange and Tabulation Agent after the date of this Agreement (save in the case of wilful misconduct or fraud) in each case in relation to the Information, Exchange and Tabulation Agent's performance of its roles in connection with this Agreement;
- (d) in undertaking any reconciliation of entitlement, Eligible Restricted Notes and calculations (as applicable), the Information, Exchange and Tabulation Agent and/or the Company may request, and the Consenting Creditor undertakes to deliver, such evidence as may be reasonably required by the Information, Exchange and Tabulation Agent and/or the Company, including without limitation such evidence required to prove (to the reasonable satisfaction of the Information, Exchange and Tabulation Agent and/or the Company (as applicable)): (i) that it holds the beneficial interest in the aggregate principal amount of the Existing Notes set out in its Accession Letter and any relevant Increase/Decrease Notice; and (ii) its entitlement to receive the Instruction Fee (to the extent applicable) in respect of any Eligible Restricted Notes of which it is the beneficial owner and in respect of which it claims such entitlement;

- (e) without prejudice to Clauses 5.2(c) and 5.2(d), the Information, Exchange and Tabulation Agent and/or the Company will determine the entitlement of any Consenting Creditor to the Instruction Fee based on: (i) the validly completed Accession Letter and any Increase/Decrease Notices (as applicable) submitted by the Consenting Creditor to the Information, Exchange and Tabulation Agent; (ii) evidence from such Consenting Creditor that it is the beneficial owner of the Eligible Restricted Notes in accordance with Clause 6; and (iii) if applicable, details of any transfers (including without limitation the identity of any transferee) pursuant to which it became or ceases to be the beneficial owner of the Eligible Restricted Notes; each Consenting Creditor acknowledges that any incomplete or inaccurate information provided under or in respect of this Agreement by such Consenting Creditor may void its entitlement to any Instruction Fee;
- (f) the Information, Exchange and Tabulation Agent is party to this Agreement solely for taking the benefit of this Clause 5.4 (but taking no obligations under any other provision of this Agreement);
- (g) any calculation or determination by the Information, Exchange and Tabulation Agent under this Agreement of an amount under this Agreement is, in the absence of manifest error, conclusive and binding on the Parties;
- (h) the Information, Exchange and Tabulation Agent may disclose to the Company, upon request: the principal amount of the Existing Notes held by all and each of the Consenting Creditors; the Accession Letters delivered to it under the terms of this Agreement (if applicable); and any contact details provided by any Consenting Creditor to the Information, Exchange and Tabulation Agent from time to time under or in connection with this Agreement;
- (i) it is the responsibility of the beneficial owner to submit a validly completed Accession Letter and Increase/Decrease Notice (as applicable) to the Information, Exchange and Tabulation Agent prior to the relevant deadlines. The Information, Exchange and Tabulation Agent shall bear no responsibility or Liability whatsoever for the failure of any beneficial owner to comply with such requirements; and
- (j) submitting an Accession Letter to the Information, Exchange and Tabulation Agent constitutes by each such beneficial owner the express and irrevocable release of the Information, Exchange and Tabulation Agent from, and its holding harmless and indemnification of the Information, Exchange and Tabulation Agent against, any and all Liability arising, direct or indirectly, from or otherwise in connection with this Restructuring Support Agreement.

6 ACCESSION, TRANSFER AND PURCHASE, AND AGGREGATE POSITION DISCLOSURE BY THE INFORMATION, EXCHANGE AND TABULATION AGENT

Accession

- 6.1** A person holding a beneficial interest as principal in the Existing Notes who is not a Party may accede to this Agreement as a Consenting Creditor by delivering a properly completed and executed Accession Letter with its evidence of holdings (if applicable) to the Information, Exchange and Tabulation Agent via the RSA Accession Portal (<https://deals.is.kroll.com/younggo-rsa>) in respect of all of its Existing Notes (thereby making them Restricted Notes for the purposes of this Agreement) after they have instructed to tender all of its Existing Notes for exchange pursuant to the Exchange Offer, if the Exchange Offer has not expired or been terminated at the time of such accession to this Agreement.

6.2 Each Party agrees that any person that executes an Accession Letter in compliance with the terms of this Agreement shall (subject to the terms of the Accession Letter) be:

- (a) henceforth a Party to this Agreement; and
- (b) bound by, and entitled to enforce, the terms of this Agreement as if they were an original party to the same in the capacity of a Consenting Creditor;

in each case, on and from the date of its Accession Letter.

Transfer and Purchase

6.3 No Consenting Creditor may sell, assign, novate or otherwise transfer or dispose of (whether directly or indirectly) all or any part of its legal or beneficial interests, rights, benefits or obligations under or in respect of any of the Existing Notes held by it or implement any transaction of a similar or equivalent economic effect (collectively, a “**Transfer**”) other than in accordance with Clause 6.4 below.

6.4 While this Agreement remains in effect, a Transfer will only be valid and effective if:

- (a) the Transfer is made in accordance with the terms of the relevant Existing Finance Documents;
- (b) the relevant transferee is either a Consenting Creditor or has first agreed to be bound by the terms of this Agreement as a Consenting Creditor by acceding to this Agreement in accordance with Clauses 6.1 and 6.2 above; and
- (c) an Increase/Decrease Notice is validly executed and delivered by each of the transferor and the transferee to the Information, Exchange and Tabulation Agent.

The Information, Exchange and Tabulation Agent will update its records reflecting holdings of Restricted Notes at any given time, including the Aggregate Percentage, in accordance with any validly executed Increase/Decrease Notices it receives. For the avoidance of doubt, any Existing Notes which were Eligible Restricted Notes prior to the completion of a Transfer in accordance with this Clause 6.4 shall remain Eligible Restricted Notes following and notwithstanding the completion of the Transfer.

6.5 Without prejudice to Clauses 6.3 to 6.4 above, if any Consenting Creditor purports to effect a Transfer other than in accordance with this Clause 6, then that Consenting Creditor shall remain liable as a Consenting Creditor in respect of its obligations and liabilities under this Agreement, in respect of the relevant Restricted Notes until the relevant transferee is bound by the terms of this Agreement.

6.6 Upon the completion of a valid Transfer pursuant to Clause 6.4, the transferee shall be deemed to be a Consenting Creditor hereunder with respect to such transferred portion of interest in the Restricted Notes and the transferor shall be deemed to have relinquished its rights, claims and liabilities (other than accrued liabilities under this Agreement), including, if applicable, any right to receive the Instruction Fee in respect of Eligible Restricted Notes, and be released from its obligations under this Agreement with respect to such transferred portion of interest in the Restricted Notes.

6.7 For the avoidance of doubt and subject to this Clause 6, nothing in this Agreement will prevent a Consenting Creditor from purchasing additional Existing Notes; such Consenting Creditor must, within five (5) Business Days of such acquisition provide a completed Increase/Decrease Notice to the Information, Exchange and Tabulation Agent via the RSA Accession Portal (<https://deals.is.kroll.com/youngo-rsa>) (including without limitation if the transferor is not a

Consenting Creditor) in order to indicate that such additional Existing Notes are Restricted Notes for the purposes of this Agreement.

Position Disclosure by the Information, Exchange and Tabulation Agent

6.8 Each Consenting Creditor authorises the Information, Exchange and Tabulation Agent to disclose the identity and position held by such Consenting Creditor (at the relevant time based on any Accession Letter and/or any Increase/Decrease Notice) to the Obligors (and their advisors).

7 REPRESENTATIONS AND WARRANTIES

7.1 Each Party represents and warrants to the other Parties, on the date of this Agreement or on the date of the Accession Letter, as the case may be, that:

- (a) unless any Party is a natural person, it is duly incorporated (if a corporate person) or duly established (in any other case) and validly existing and (where applicable) in good standing under the laws of its jurisdiction of incorporation and has the power to own its assets and carry on its business as it is being conducted;
- (b) the obligations expressed to be assumed by it in this Agreement are legal, valid, binding and enforceable obligations, subject to applicable bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and subject to general principles of equity regardless of whether considered in proceedings in equity or at law;
- (c) the entry into and performance by it of this Agreement do not and will not conflict with:
 - (i) any law or regulation applicable to it; or
 - (ii) its constitutional documents;
- (d) it has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Agreement and the transactions contemplated hereby and has duly executed this Agreement; and
- (e) all Authorisations required or desirable, to the extent applicable:
 - (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations under this Agreement; and
 - (ii) to make this Agreement admissible in evidence in its jurisdiction of incorporation,

have been obtained or effected and are in full force and effect.

7.2 Each Consenting Creditor represents and warrants to the Obligors that on the date of any Accession Letter Notice and any Increase/Decrease Notice delivered by it in accordance with the terms of this Agreement, it or the entity that it represents (if applicable) is the beneficial owner of and has full power to vote (or is able to direct the legal and beneficial owner to vote) in respect of the Existing Notes as set out in its Accession Letter or its Increase/Decrease Notices, as applicable.

7.3 Each Consenting Creditor that is an investment fund or similar entity represents and warrants to the Obligors, on the date of its Accession Letter, and at all times while this Agreement remains in effect and it continues to constitute a Consenting Creditor that its investment manager and/or advisor is the person identified as its investment manager and/or advisor in paragraph 5 of its Accession Letter.

8 TERMINATION

8.1 This Agreement and the rights and obligations created pursuant to this Agreement will terminate automatically and immediately on the earliest to occur of any of the following:

- (a) the Scheme not being finally approved by the requisite majorities of Scheme Creditors at the Scheme Meeting (provided that the Scheme Meeting may be postponed or adjourned to a subsequent date in order to obtain the requisite approval);
- (b) the Court not granting a Sanction Order at the hearing of the Court convened for such purpose and there being no reasonable prospect of the Restructuring being effected and the Company has exhausted all avenues of appeal;
- (c) the Restructuring Effective Date or the date the Exchange Offer transaction is completed in accordance with its terms; and
- (d) the Longstop Date.

8.2 This Agreement may be terminated:

- (a) at the sole discretion of the Company, upon notice to Consenting Creditors, if the Company makes a reasonable, good-faith determination that there is no reasonable prospect of successfully completing the Scheme prior to the Longstop Date;
- (b) in respect of a Consenting Creditor, at the election of the Company by the delivery of a written notice of termination by the Company to a Consenting Creditor, if that Consenting Creditor does not comply with any undertaking in this Agreement in any material respect, unless the failure to comply is capable of remedy and is remedied within ten (10) Business Days of delivery of such notice of termination by the Company to the relevant Consenting Creditor, and in such circumstances the termination shall be with effect from immediately after ten (10) Business Days, but only if the failure to comply is not remedied within the ten (10) Business Days;
- (c) at the election of the Super Majority Consenting Creditors by and upon a written notice of termination to the Company (which shall notify the other Parties), following the occurrence of any of the following:
 - (i) the commencement of any Insolvency Event (other than the Scheme or any petition for recognition of the Scheme under Chapter 15 of Title 11 of the United States Code or similar recognition, moratorium or protection proceedings in Hong Kong, the United States or elsewhere) in respect of the Company or the Subsidiary Guarantors;
 - (ii) material non-compliance with this Agreement by the Company or the Subsidiary Guarantors, unless such failure to comply is capable of remedy and is remedied within ten (10) Business Days from the date on which the Company is first notified by the Super Majority Consenting Creditors of such breach of the relevant terms under this Agreement; or
 - (iii) if the Company proposes a Scheme that is materially inconsistent with the terms as set out in the Term Sheet (as amended if applicable in accordance with this Agreement) and such inconsistency is not remedied within ten (10) Business Days of written notice of such inconsistency being given to the Company by the Majority Consenting Creditors;

- (d) by mutual written agreement of the Company, on the one hand, and the Majority Consenting Creditors, on the other hand; or
- (e) by a Consenting Creditor in respect of that Consenting Creditor only, if entry into the Restructuring will (according to written advice on the matter provided by a reputable international law firm) put that Consenting Creditor in breach of any law or regulation applicable to it.

8.3 Upon any termination in accordance with this Clause 8, the relevant Party or Parties shall be immediately released from all their obligations and shall have no rights under this Agreement, provided that such termination and release:

- (a) shall not limit or prejudice the rights of any Party against any other Party which have accrued as a result of, or relate to, breaches of the terms of this Agreement at the time of or prior to termination; and
- (b) shall not limit the effect of Clauses 4 (*Rights and Obligations*), 8 (*Termination*), 9 (*Amendment and Waiver*), 10 (*Notice*), 11 (*Severance*), 13 (*Disclosure*) and 14 (*Governing Law and Jurisdiction*), which shall continue to apply.

9 AMENDMENT AND WAIVER

9.1 Except as provided in Clauses 9.2 and 9.3, any terms of this Agreement (including any terms of any schedule hereto) may be amended or waived in writing by the Majority Consenting Creditors, the Company and the Subsidiary Guarantors and such amendment or waiver shall be binding on all Parties.

9.2 Either the Company or the Subsidiary Guarantors may amend, waive or modify the terms of this Agreement (including any terms of any schedule hereto, including for the avoidance of doubt Schedule 4), at its sole discretion (but without any obligation to do so) and without the consent of any Consenting Creditors, in any manner that is not materially adverse to the interests of the Consenting Creditors, including, but not limited to, amendments, waivers or modifications:

- (a) to increase any cash consideration or Instruction Fee amount payable to Scheme Creditors or Consenting Creditors, as applicable;
- (b) to add any guarantor or guarantee in respect of the New Notes or to add collateral to secure the New Notes;
- (c) to add additional covenants in respect of the New Notes;
- (d) to cure any ambiguity, defect, omission or inconsistency in this Agreement;
- (e) to waive any of the obligations on the Consenting Creditors pursuant to Clauses 5 (*Instruction Fee*) and 6 (*Accession, Transfer and Purchase, and Aggregate Position Disclosure by the Information, Exchange and Tabulation Agent*);
- (f) to make any other change to the terms of the Restructuring or this Agreement that is beneficial to, and does not have a material adverse effect on, the rights of any Consenting Creditor when compared to the terms then in effect.

9.3 An amendment or waiver:

- (a) subject to Clause 9.2 above and sub-clauses (b) and (c) below, in respect of the material money terms of the Restructuring set out in the Term Sheet (being the dates on which

interest and any amounts are to be paid, the rate of interest payable, the relevant mandatory redemption dates and the amount and the currency of the interest and any amounts to be paid), may only be made in writing by each of the Company, the Subsidiary Guarantors, and the Super Majority Consenting Creditors unless the change would result in substantially the same commercial and economic outcome for all Consenting Creditors;

- (b) in respect of the time period referred to in the definition of “Instruction Fee Deadline”, the Company may extend such time period in its sole discretion (the “**Instruction Fee Deadline Extension**”), provided that (x) the Company shall promptly notify all Parties of the Instruction Fee Deadline Extension; and (y) the Company shall extend such time period before the expiration of the then-in-effect “Instruction Fee Deadline”; and
- (c) which would amend the definitions of “Majority Consenting Creditors” or “Super Majority Consenting Creditors” or Clause 3.1, may only be made in writing by the Company and each Consenting Creditor.

9.4 Any waiver of any right under this Agreement is only effective if it is in writing and signed by the waiving or consenting Party and it applies only in the circumstances for which it is given, and shall not prevent the Party who has given the waiver from subsequently relying on the provision it has waived.

9.5 Except as expressly stated, no failure to exercise or delay in exercising any right or remedy provided under this Agreement or by law constitutes a waiver of such right or remedy or shall prevent any future exercise in whole or in part thereof.

9.6 No single or partial exercise of any right or remedy under this Agreement shall preclude or restrict the further exercise of any such right or remedy.

9.7 Unless specifically provided otherwise, rights arising under this Agreement are cumulative and do not exclude rights provided by law.

10 NOTICE

10.1 A notice given under this Agreement:

- (a) shall be in writing in the English language (or be accompanied by a properly prepared translation into English);
- (b) shall be sent for the attention of the person, and to the address, email addresses or fax number, given in Schedule 5 and in any Accession Letter (or such other address, fax number or person as the relevant Party may notify to the other Parties); and
- (c) shall be:
 - (i) delivered personally;
 - (ii) sent by fax;
 - (iii) sent by pre-paid first-class post or recorded delivery;
 - (iv) (if the notice is to be served by post outside the country from which it is sent) sent by airmail; or
 - (v) sent by e-mail.

10.2 A notice is deemed to have been received:

- (a) if delivered personally, at the time of delivery;
- (b) in the case of fax or e-mail, at the time of transmission, provided that if not transmitted during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of the next Business Day of the recipient;
- (c) in the case of pre-paid first class post or recorded delivery, forty-eight (48) hours from the date of posting;
- (d) in the case of airmail, five (5) days from the date of posting; or
- (e) if deemed receipt under the previous paragraphs of this Clause 10 is not within business hours (meaning 9:00 a.m. to 5:30 p.m. Hong Kong time, Monday to Friday on a day that is a Business Day), when business next starts in the place of receipt.

10.3 To prove service, it is sufficient to prove that the notice was transmitted by fax to the fax number of the Party, by e-mail to the e-mail address of the Party or, in the case of post, that the envelope containing the notice was properly addressed and posted.

11 SEVERANCE

11.1 If any provision of this Agreement (or part of a provision) is found by any court or administrative body of competent jurisdiction to be invalid, unenforceable or illegal, the other provisions shall remain in force.

11.2 If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted, the provision shall apply with whatever modification is necessary to give effect to the commercial intention of the Parties.

12 COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which is an original and which together have the same effect as if each Party had signed the same document.

13 DISCLOSURE

13.1 All Parties agree to the Public Version of this Agreement and/or the aggregate principal amount of Existing Notes held by all Consenting Creditors and/or the Aggregate Percentage at the relevant time based on the information contained in any relevant Accession Letter and Increase/Decrease Notices provided to the Information, Exchange and Tabulation Agent or Company being publicly or privately disclosed by any Party to any person, including (but not limited to) by transmission to holders of the Existing Notes through the Clearing Systems. Save as provided in Clauses 6.8 and 13.2, none of the Company or any Affiliate of the Company may, without the prior written consent of the relevant Consenting Creditor, disclose the identity of any Consenting Creditor or the specific number of Existing Notes it indirectly holds to any other person.

13.2 Notwithstanding anything to the contrary herein, any Party may disclose the execution version of this Agreement (and any Accession Letters):

- (a) to the trustee for the Existing Notes and/or Information, Exchange and Tabulation Agent;

- (b) to the Court as part of the evidence to be submitted in respect of the Scheme and in support of any application to the courts of any jurisdiction for recognition of the Scheme;
- (c) to any Governmental Agency, any of its professional consultants (including, without limitation, its legal and financial advisors and auditors), or its financiers or to its employees, to the extent such disclosure is required in order to implement the Restructuring;
- (d) to its auditors, in connection with the preparation of its statutory accounts;
- (e) in the case of a Consenting Creditor only, to its Affiliates and to its professional advisors solely in connection with their capacity as professional advisor to the Consenting Creditors in connection with the Restructuring; and/or
- (f) to the extent required or compelled by applicable law, rule or regulation.

14 THIRD PARTY RIGHTS

Save as expressly stated in this Agreement, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the laws of Hong Kong) (the “**Third Parties Ordinance**”) to enforce any term of this Agreement. This provision shall not affect any right or remedy which exists or is available apart from the Third Parties Ordinance.

15 GOVERNING LAW AND JURISDICTION

- 15.1** This Agreement and any disputes or claims arising out of or in connection with it are governed by and shall be construed in accordance with Hong Kong law.
- 15.2** The courts of Hong Kong shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement).
- 15.3** By executing or acceding to (as applicable) this Agreement and notwithstanding any term to the contrary in any Existing Finance Documents, each Consenting Creditor acknowledges and submits to the jurisdiction of the Court in respect of the Scheme.

This Agreement has been entered into on the date stated on the first page hereof.

SCHEDULE 1

DEFINITIONS AND INTERPRETATION

PART A: DEFINITIONS

In this Agreement, each word, phrase or expression shall (unless the context otherwise requires) bear the meaning attributed to it below:

“Accession Letter” means a deed pursuant to which a person becomes a Party as a Consenting Creditor, in the form set out in Schedule 2.

“Account Holder” means a person who is recorded in the books of a Clearing System as being a holder of Existing Notes in an account with such Clearing System at the Record Time.

“Account Holder Letter” means a letter from an Account Holder on behalf of the Consenting Creditor in the form attached to the relevant Scheme Document.

“Affiliate” means, with respect to any person, any other person: (a) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such person; or (b) who is a director or officer of such person or any Subsidiary of such person or of any person referred to in paragraph (a) of this definition. 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.

“Aggregate Percentage” means, at any time, the percentage that the aggregate outstanding principal amount of the Restricted Notes held by all Consenting Creditors collectively (calculated based on the disclosures provided in this Agreement, their Accession Letters and Increase/Decrease Notices, as applicable) represents of the outstanding principal amount of all Existing Notes.

“Authorisation” means:

- (a) an authorisation, consent, approval, resolution, license, exemption, filing, notarization, lodgment or registration; or
- (b) in relation to anything which will be fully or partly prohibited or restricted by law if a Governmental Agency intervenes or acts in any way within a specified period after lodgment, filing, registration or notification, the expiry of that period without intervention or action.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in Hong Kong, Singapore, the People’s Republic of China or New York are authorised or required by law or governmental regulation to close.

“BVI” means the British Virgin Islands.

“Clearing System” means any one of:

- (a) Clearstream Banking S.A.; or
- (b) Euroclear Bank SA/NV.

“Companies Ordinance (Cap. 622, Laws of Hong Kong)” means the Companies Ordinance of Hong Kong as amended, modified or re-enacted from time to time.

“Consenting Creditor” means a person holding a beneficial interest as principal in the Existing Notes who has agreed to be bound by the terms of this Agreement in accordance with Clause 6.

“Court” means Hong Kong court and any court capable of hearing appeals therefrom and/or any court capable of sanctioning the Scheme in any other relevant jurisdiction at the sole discretion of the Company.

“Eligible Restricted Note” means a Restricted Note which was made subject to this Agreement by a Consenting Creditor on or prior to the Instruction Fee Deadline.

“Enforcement Action” means, in relation to any Existing Finance Document:

- (a) the acceleration of any sum payable or the making of any declaration that any sum payable is due and payable or payable on demand;
- (b) the making of any demand against any member of the Group under any guarantee or surety provided by that member of the Group;
- (c) the suing for, commencing, or joining of any legal or arbitration proceedings against any member of the Group to recover any sums payable or under any guarantee or surety provided by any member of the Group;
- (d) the taking of any steps to enforce or require the enforcement of any security granted by any member of the Group;
- (e) the levying of any attachment, garnishment, sequestration or other legal process over or in respect of any assets of the Group;
- (f) the petitioning, applying, or voting for any Insolvency Proceedings in relation to any member of the Group;
- (g) the commencing or continuation of any legal action or other proceedings against any member of the Group (or any director or officer thereof) or any of their respective assets;
- (h) joining any other entity or person in the exercise of any of the foregoing rights;
- (i) exercising any right, power, privilege or remedy in connection with the foregoing; or
- (j) directing any trustee or agent to do any of the foregoing,

other than (x) as contemplated by the Restructuring, and (y) any action falling within paragraphs (a) to (j) above which is necessary, but only to the extent necessary, to preserve the validity, existence, or priority of claims in respect of the Existing Notes, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent the loss of the right to bring, support, or join proceedings by reason of applicable limitation periods.

“Exchange Offer” has the meaning give to it in the recitals to this Agreement.

“Existing Finance Documents” means the Existing Notes, the Existing Notes Indentures and any related guarantee or security documents.

“Existing Notes” means the May 2023 Notes and the October 2023 Notes.

“Existing Notes Indentures” means (i) the indenture dated 23 May 2022, as amended, supplemented, or otherwise modified from time to time, between the Company, the Subsidiary Guarantors and Citicorp International Limited as trustee pursuant to which the May 2023 Notes were constituted; and (ii) the

indenture dated 12 October 2021, as amended, supplemented, or otherwise modified from time to time, between the Company, the Subsidiary Guarantors and Citicorp International Limited as trustee pursuant to which the October 2023 Notes were constituted.

“**Governmental Agency**” means any government or any governmental agency, semi-governmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute).

“**Group**” means the Company and its Subsidiaries.

“**HKEx**” means The Stock Exchange of Hong Kong Limited.

“**Increase/Decrease Notice**” means a notice substantially in the form set out in Schedule 3 (*Form of Increase/Decrease Notice*).

“**Information, Exchange and Tabulation Agent**” means Kroll Issuer Services Limited, or any other person appointed by the Company to act as information, exchange and tabulation agent in connection with this Agreement and the Scheme.

“**Insolvency Event**” means a court of competent jurisdiction granting an order to commence any Insolvency Proceedings in relation to the Company or the Subsidiary Guarantors.

“**Insolvency Proceedings**” means:

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, bankruptcy, provisional supervision or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor;
- (b) a composition or arrangement with any creditor of the Company or the Subsidiary Guarantors, or an assignment for the benefit of creditors generally of any Obligor or a class of such creditors;
- (c) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager, provisional supervisor or other similar officer in respect of any Obligor or any of its assets;
- (d) an enforcement of any security over any assets of any Obligor; or
- (e) any procedure or step taken in any jurisdiction analogous to those set out in paragraphs (a) to (d) above.

“**Instruction Fee**” means, subject to and in accordance with Clause 5, an amount in cash equal to 0.3% of the aggregate principal amount of an Eligible Restricted Note as of the Instruction Fee Deadline. For the avoidance of doubt, in respect of an Existing Note, no Consenting Creditor shall receive double entitlement or payment of the Instruction Fee specified in this Agreement and the instruction fee specified in the exchange offer memorandum in respect of the Exchange Offer.

“**Instruction Fee Deadline**” means 4:00 p.m. London time on April 25, 2023, or such later date and time as the Company may elect in accordance with Clause 9.3(b).

“**Instruction Fee Deadline Extension**” has the meaning given to it in Clause 9.3(b).

“**Intermediary**” means a person who holds an interest in Existing Notes on behalf of another person, but who is not an Account Holder.

“**Liability**” means any debt, liability or obligation whatsoever, whether present, future, prospective or contingent.

“**Longstop Date**” means January 17, 2024, or such later date and time as the Company may elect to extend to.

“**Majority Consenting Creditors**” means, at any time, Consenting Creditors who hold an aggregate outstanding principal amount of more than 50% of the outstanding principal amount of the Existing Notes held in aggregate by the Consenting Creditors at the time.

“**May 2023 Notes**” means the 12.0% senior notes due 2023 (ISIN: XS2485447838; Common Code: 248544783) issued by the Company and guaranteed by the Subsidiary Guarantors, with an outstanding principal amount of US\$75,000,000.

“**Obligors**” means, collectively, the Company and the Subsidiary Guarantors; and “**Obligor**” means any one of them.

“**October 2023 Notes**” means the 13.85% senior notes due 2023 (ISIN: XS2386427525; Common Code: 238642752) issued by the Company and guaranteed by the Subsidiary Guarantors, with an outstanding principal amount of US\$303,620,000.

“**Parties**” means, collectively, the Company, the Subsidiary Guarantors and the Consenting Creditors; and “**Party**” means any one of them.

“**Public Version of this Agreement**” means a version of this Agreement and its Schedules headed “Public Version” on its cover page prepared by Sidley Austin (in its capacity as legal advisor to the Company) which may or may not contain redactions including but not limited to protecting the identities and notice details of the Parties.

“**Record Time**” means the time designated by the Company for the determination of the Scheme Creditors’ claims for the purposes of voting at the Scheme Meeting.

“**Restricted Notes**” means, with respect to a Consenting Creditor at any time, the aggregate outstanding principal amount of Existing Notes set out in an Accession Letter and held by such Consenting Creditor, as modified from time to time by any Increase/Decrease Notices (as applicable) delivered by Consenting Creditors to the Information, Exchange and Tabulation Agent in accordance with Clause 6, and “**Restricted Note**” means any portion of the Restricted Notes.

“**Restructuring**” means the restructuring of the indebtedness of the Obligors in respect of the Existing Notes, to be conducted substantially in the manner envisaged by, and substantially on the terms set out in, the Term Sheet.

“**Restructuring Effective Date**” means the day on which all conditions precedent to the Restructuring have been satisfied or waived (as the case may be), including the obtaining of all relevant approvals or consents.

“**RSA Accession Portal**” <https://deals.is.kroll.com/younggo-rsa>, the portal managed by the Information, Exchange and Tabulation Agent for creditors to submit Accession Letters and Increase/Decrease Notices.

“**Sanction Order**” means the sealed copy of the order of the Court sanctioning the Scheme.

“**Scheme**” means the scheme of arrangement proposed to be effected pursuant to Part 13 Division 2 of the Companies Ordinance (Cap. 622, Laws of Hong Kong) (and/or a scheme of arrangement in any other relevant jurisdiction at the sole discretion of the Company) between the Company and the Scheme

Creditors for the purpose of implementing the Restructuring, as contemplated under the Term Sheet and this Agreement and provided always that no creditor of the Company and/or its Affiliates other than the Scheme Creditors shall be compromised or proposed to be compromised under the Scheme without the consent of the Majority Consenting Creditors.

“**Scheme Creditors**” means creditors of the Company whose claims against the Obligors are (or will be) the subject of the Scheme.

“**Scheme Document**” means the composite document to be circulated by the Company to the holders of the Existing Notes in relation to the Scheme, which will include (among other things) an explanatory statement and the terms of the Scheme.

“**Scheme Effective Date**” means the date on which the Sanction Order is delivered by the Court to the registrar of companies in Hong Kong in accordance with Companies Ordinance (Cap. 622, Laws of Hong Kong) and/or in any other relevant jurisdiction at the sole discretion of the Company.

“**Scheme Meeting**” means the meeting of the creditors of the Company whose claims against the Company are (or will be) the subject of the Scheme to vote on that Scheme convened pursuant to an order of the Court (and any adjournment of such meeting).

“**SGX**” means the Singapore Exchange Securities Trading Limited.

“**Subsidiary**” means with respect to any person, any corporation, association or other business entity of which more than 50% of the voting power of the outstanding voting stock is owned, directly or indirectly, by such person and one or more other Subsidiaries of such person. “**Subsidiaries**” shall be construed accordingly.

“**Super Majority Consenting Creditors**” means, at any time, Consenting Creditors who hold an aggregate outstanding principal amount of the Existing Notes of more than 60% of the outstanding principal amount of the Existing Notes held in aggregate by the Consenting Creditors, at that time.

“**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“**Term Sheet**” means the term sheet attached at Schedule 4.

PART B: INTERPRETATION

Save as otherwise expressly provided, the principles of interpretation set out below shall be applied in construing the provisions of this Agreement:

1. Clause, Schedule and paragraph headings shall not affect the interpretation of this Agreement.
2. A “person” includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
3. The Schedules form part of this Agreement and shall have effect as if set out in full in the body of this Agreement and any reference to this Agreement includes the Schedules.
4. References to Clauses and Schedules are to the clauses and schedules of this Agreement; references to paragraphs are to paragraphs of the relevant Schedule.
5. A reference to one gender shall include a reference to the other genders.
6. Words in the singular shall include the plural and *vice versa*.
7. A reference to a statute or statutory provision is a reference to it as it is in force for the time being, taking account of any amendment, extension or re-enactment and includes any subordinate legislation for the time being in force made under it.
8. “Writing” or “written” includes faxes but not e-mail, save that for the purposes of Clause 9 (Amendment and Waiver) references to “writing” or “written” shall include email as well.
9. Where the words “include(s)”, “including” or “in particular” are used in this Agreement, they are deemed to have the words “without limitation” following them. The words “other” and “otherwise” are illustrative and shall not limit the sense of the words preceding them.
10. Any obligation in this Agreement on a person not to do something includes an obligation not to agree or allow that thing to be done.
11. “US\$” denotes the lawful currency for the time being of the United States of America and “RMB” denotes the lawful currency for the time being of the People’s Republic of China.

SCHEDULE 2

FORM OF ACCESSION LETTER¹

To:

Kroll Issuer Services Limited as Information, Exchange and Tabulation Agent by email to youngo@is.kroll.com

IMPORTANT: DO NOT FILL OUT THE PDF VERSION OF THIS FORM. Please visit the RSA Accession Portal (<https://deals.is.kroll.com/youngo-rsa>) for instructions on how the Accession Letter needs to be submitted to the Information, Exchange and Tabulation Agent.

From: [Insert name of Consenting Creditor]

Email: [email of Consenting Creditor]

Date: _____ 2023

Dear Sirs,

Restructuring Support Agreement dated April 17, 2023 (the “Agreement”)

1. We refer to the Agreement. This is an Accession Letter as defined in the Agreement. Except as otherwise defined herein, terms defined in the Agreement have the same meaning when used in this Accession Letter.
2. We agree, for the benefit of each Party, to be a Consenting Creditor under the Agreement and to be bound by the terms of the Agreement as a Consenting Creditor.
3. We agree, represent and warrant to each other Party on the date of this Accession Letter that we or the entity that we represent (if applicable) are the beneficial owner of and have full power to vote (or are able to direct the legal and beneficial owner to vote) in respect of the Existing Notes as set out in this Accession Letter.
4. We confirm the aggregate principal amount of the Restricted Notes that we hold are set out alongside our name below together with the custodial information.
5. We represent and warrant to the Company that our investment manager and/or advisor is [•].
6. The contact details of [insert name of Consenting Creditor] for purposes of Clause 10 of the Agreement are as follows:

Address: [•]

For the attention of: [•]

Phone number (with country code): [•]

¹ This form must be prepared and delivered in accordance with the instructions found on the RSA Accession Portal (<https://deals.is.kroll.com/youngo-rsa>). If you are in any doubt as to how to complete this form, please immediately contact the Information, Exchange and Tabulation Agent at the details provided below.

E-mail: [•]

with a copy to its investment manager, [*name of investment manager of the Consenting Creditor*]

Address: [•]

For the attention of: [•]

Phone number (with country code): [•]

E-mail: [•]

7. This Accession Letter and any non-contractual obligations arising out of or in connection with it are governed by Hong Kong law. By executing this Accession Letter, the signatory confirms it has complied with all legal requirements regarding the valid execution of this Accession Letter under its jurisdiction of incorporation.

Signed by [*name and capacity of signatory*]²)

for and on behalf of)
[*Name of Consenting Creditor*])

The principal amount of Existing Notes that we hold as at the date of this Accession Letter is as follows:

ISIN	Clearing System	Clearing System Account	Total Principal Amount of Existing Notes	Electronic Instruction Reference Number ³
XS2485447838				
XS2386427525				

IMPORTANT: DO NOT FILL OUT THE PDF VERSION OF THIS FORM. The completed and executed Accession Letter must be submitted to the Information, Exchange and Tabulation Agent online via the RSA Accession Portal (<https://deals.is.kroll.com/younggo-rsa>). Please follow the instructions on

² The detail of the capacity in which the entity signing the Accession Letter as well as the entities in respect of which it is acting by doing so must be disclosed (unless the Consenting Creditor is an individual holder) in accordance with Clause 5 of the Accession Letter above.

³ Prior to the expiry of the Exchange Offer, please include the electronic instruction reference number provided by Euroclear (usually 7 digits) or Clearstream (usually 16 digits beginning with CSTDY) to the Direct Participant. For transferees that have not previously a Consenting Creditor by participating in the Exchange Offer prior to the expiration, please contact the transferor for the applicable Electronic Instruction Reference Number. Following the expiry of the Exchange Offer, the electronic instruction reference number is no longer required except for the case where transferee purchasing position from a Consenting Creditor who participated in the Exchange Offer prior to the expiration.

the RSA Accession Portal (<https://deals.is.kroll.com/youngo-rsa>) on how to submit this Accession Letter to the Information, Exchange and Tabulation Agent.

For assistance, please contact the Information, Exchange and Tabulation Agent via e-mail to youngo@is.kroll.com.

SCHEDULE 3

FORM OF INCREASE/DECREASE NOTICE⁴

IMPORTANT: Before completing this form please visit the RSA Accession Portal (<https://deals.is.kroll.com/youngo-rsa>) for instructions on how the Increase/Decrease Notice needs to be submitted to the Information, Exchange and Tabulation Agent

PRIVATE AND CONFIDENTIAL

Date: _____

To:

Kroll Issuer Services Limited as Information, Exchange and Tabulation Agent by email to youngo@is.kroll.com

From: [*Consenting Creditor*]

1. We refer to the Restructuring Support Agreement dated April 17, 2023 between, *inter alios*, Guangdong – Hong Kong Greater Bay Area Holdings Limited (粵港灣控股有限公司), Trade Logistics Enterprises Limited (業運企業有限公司), Abundant Idea Investments Limited (訊溢投資有限公司), Copious Epoch Limited (世溢有限公司), Jiayue Limited (佳粵有限公司), Hongkong Hydoos Holding Limited (香港毅德控股有限公司), Hongkong Hydoos Group Investment Company Limited (香港毅德集團投資有限公司), Hongkong China Hydoos Logistic Limited (香港中國毅德物流有限公司), Hongkong Deshang Bright Ocean Limited (香港德尚時光海有限公司), Union Capital Holdings Limited (滙聯集團有限公司) and Hongkong Hydoos Financial Holding Limited (香港毅德金融控股有限公司) (the “**Agreement**”). Capitalised terms used in the Agreement have the same meaning in this notice.
2. [We write to inform you that the principal amounts of Restricted Notes, plus any accrued unpaid interest thereon, set out in the table below have been [acquired/disposed of] by us [from/to] [transferor/transferee] on [date]⁵.]

ISIN	Principal amount of Restricted Notes	Are they Eligible Restricted Notes? ⁶
XS2485447838	US\$[●]	YES/NO ⁷
XS2386427525	US\$[●]	YES/NO

⁴ If you are in any doubt as to how to complete and/or deliver this form, please immediately contact the Information, Exchange and Tabulation Agent. Per clause 3.1(l) of the Restructuring Support Agreement, such Increase/Decrease Notice should be delivered within five (5) Business Days of any change in a Consenting Creditor’s holdings.

⁵ If the Existing Notes acquired or disposed of are Restricted Notes, please include the details of the transfer in paragraph 2 and delete paragraph 3.

⁶ Eligible Restricted Notes means Restricted Notes that are entitled to an Instruction Fee, which are either acceded to this Agreement prior to the Instruction Fee Deadline by the signatory or, if following the Instruction Fee Deadline, were validly acquired by the signatory from a Consenting Creditor who held such Restricted Notes prior to the Instruction Fee Deadline. See Clause 5 (Instruction Fee) for more information. If you are in any doubt as to whether your Notes are Eligible Restricted Notes you must contact the Information, Exchange and Tabulation Agent immediately.

⁷ Please indicate YES or NO. If the Transfer included both Eligible Restricted Notes and non-eligible Restricted Notes, please complete two separate Increase/Decrease Notices (one in respect of the relevant portion of each).

3. [We write to inform you that the principal amounts of Existing Notes (which are not Restricted Notes) set out in the table below, plus any accrued unpaid interest thereon, have been acquired by us on [date]:⁸]

ISIN	Principal amount of Existing Notes
XS2485447838	US\$[●]
XS2386427525	US\$[●]

4. As a result of the above transfer, as at [date], we hold the principal amounts of Restricted Notes set out in the table below:

ISIN	Principal amount of Restricted Notes	Principal amount of Eligible Restricted Notes
XS2485447838	US\$[●]	US\$[●]
XS2386427525	US\$[●]	US\$[●]

5. [We hereby confirm that the transferee is a Consenting Creditor (having submitted a validly executed Accession Letter on [●] 2023)]⁹.
6. [We hereby confirm that we are a Consenting Creditor (having submitted a validly executed Accession Letter on [●] 2023). We attach our evidence of holdings of the Restricted Notes.]¹⁰
7. This Increase/Decrease Notice is governed by Hong Kong law.

⁸ If the Existing Notes acquired are not Restricted Notes, please include paragraph 3 and delete paragraph 2.

⁹ Only include this paragraph if the Consenting Creditor has disposed of Existing Notes.

¹⁰ Only include this paragraph and attach Evidence of Beneficial Holding if the Consenting Creditor has acquired Existing Notes. Evidence of holding can, subject to the Information, Exchange and Tabulation Agent's confirmation, include a custody statement or a screenshot of holdings. In the event of any questions or concerns, please contact the Information, Exchange and Tabulation Agent.

Yours faithfully,

[*The Consenting Creditor*]

.....

Consenting Creditor details

Name of the Consenting Creditor: [•]¹¹

E-mail Address: [•]

Phone Number (including country code): [•]

¹¹ This should be the same name that appears on the Consenting Creditor's Accession Letter.

SCHEDULE 4

TERM SHEET

GUANGDONG – HONG KONG GREATER BAY AREA HOLDINGS LIMITED (粵港灣控股有限公司)

Restructuring Term Sheet

(Subject to Contract)

This draft term sheet is not intended to be a comprehensive list of all relevant terms and conditions of the Restructuring or any other transaction in relation to the Existing Notes (as defined below). This draft term sheet is not binding and the transactions contemplated by this draft term sheet are subject to, amongst other things, the execution of definitive documentation by the parties. All capitalized terms and expressions not otherwise defined herein shall have the meaning assigned to them in the Restructuring Support Agreement.

General Information	
Issuer of Existing Notes (Company)	Guangdong – Hong Kong Greater Bay Area Holdings Limited (粵港灣控股有限公司), incorporated in the Cayman Islands with limited liability
Existing Subsidiary Guarantors	Trade Logistics Enterprises Limited (業運企業有限公司), incorporated with limited liability in the British Virgin Islands Abundant Idea Investments Limited (訊溢投資有限公司), incorporated with limited liability in the British Virgin Islands Copious Epoch Limited (世溢有限公司), incorporated with limited liability in the British Virgin Islands Jiayue Limited (佳粵有限公司), incorporated with limited liability in the British Virgin Islands Hongkong Hydoo Holding Limited (香港毅德控股有限公司), incorporated with limited liability in Hong Kong Hongkong Hydoo Group Investment Company Limited (香港毅德集團投資有限公司), incorporated with limited liability in Hong Kong Hongkong China Hydoo Logistic Limited (香港中國毅德物流有限公司), incorporated with limited liability in Hong Kong Hongkong Deshang Bright Ocean Limited (香港德尚時光海有限公司), incorporated with limited liability in Hong Kong Union Capital Holdings Limited (滙聯集團有限公司), incorporated with limited liability in Hong Kong Hongkong Hydoo Financial Holding Limited (香港毅德金融控股有限公司), incorporated with limited liability in Hong Kong
Scheme Creditors (and each, a Scheme Creditor)	The persons holding the beneficial interests as principal in the following instrument as at the Record Time (as defined below) for the Scheme(s):

	<p>(1) The New York law-governed 12.0% senior notes due 23 May 2023 (the “May 2023 Notes”) issued by the Company and guaranteed by the Subsidiary Guarantors. As at the date of this term sheet, the aggregate principal amount of the May 2023 Notes outstanding is US\$75,000,000; and</p> <p>(2) The New York law-governed 13.85% senior notes due 12 October 2023 (the “October 2023 Notes”, and together with the May 2023 Notes, the “Existing Notes”) issued by the Company and guaranteed by the Subsidiary Guarantors. As at the date of this term sheet, the aggregate principal amount of the October 2023 Notes outstanding is US\$303,620,000.</p> <p>“Record Time” means the time designated by the Company for the determination of the Scheme Creditors’ claims for the purposes of voting at the Scheme Meeting.</p>
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Restructuring of the Existing Notes	
Proposed Restructuring	<p>The Proposed Restructuring is expected to involve a full release of the Scheme Creditors’ Claims (as defined below) in exchange for the Restructuring Consideration (as defined below).</p> <p>The Company plans to implement the Proposed Restructuring through a scheme of arrangement pursuant to Part 13 Division 2 of the Companies Ordinance (Cap. 622, Laws of Hong Kong) (and/or a scheme of arrangement in any other relevant jurisdiction at the sole discretion of the Company) (the “Scheme”).</p>
Scheme Creditors’ Claims	<p>The sum of:</p> <p>(a) the outstanding principal amount of the Existing Notes held by the Scheme Creditors at the Record Time; and</p> <p>(b) all accrued and unpaid interest on such Existing Notes up to (but excluding) the Restructuring Effective Date,</p> <p>(together in aggregate, the “Scheme Creditors’ Claims”, and with respect to each Scheme Creditor, the “Scheme Creditor Claim”).</p> <p>On and from the Restructuring Effective Date, Scheme Creditors agree to a full release of all Scheme Creditors’ Claims and related claims against (among others) the Company, the Subsidiary Guarantors, any and all of the subsidiaries of the Subsidiary Guarantors, the shareholders, and the officers, directors, advisors and representatives, or office-holders, of each of the foregoing under the Existing Notes in exchange for the Restructuring Consideration (subject to carve-outs for fraud, dishonesty, willful default and willful misconduct).</p>
Restructuring Consideration	<p>The Restructuring Consideration for the participating Scheme Creditors will be paid on the Restructuring Effective Date (or as soon as practicable thereafter), and will consist of the new notes in an aggregate principal amount of (i) 101% of the outstanding principal amount of the May 2023 Notes or 100% of the outstanding principal amount of the October 2023 Notes, as the case may be, held by each Scheme Creditor as of the Record Time together with (ii) any accrued and unpaid interest on any Existing Notes held by</p>

	<p>Scheme Creditors as of the Record Time up to but not including the RED (collectively, the “New Notes”).</p> <p>For the avoidance of doubt, no accrued and unpaid interest on the Existing Notes held by Scheme Creditors as of the Record Time up to but not including the RED shall be paid in cash.</p> <p>“Restructuring Effective Date” or “RED” means the day on which all conditions to the effectiveness of the Restructuring have been satisfied or waived (as the case may be), including the obtaining of all relevant approvals or consents (e.g. including without limitation delivery of respective court orders in respect of the Scheme(s), and relevant listing/quotation approvals for the New Notes on the SGX-ST (as defined below)), the settlement of all professional fees associated with the Restructuring, the payment of Instruction Fees to the Consenting Creditors in accordance with the terms of the Restructuring Support Agreement and the satisfaction of each of the specified conditions precedent contained in each of the Scheme Documents).</p>
<p>Instruction Fee</p>	<p>Subject to the terms of the Restructuring Support Agreement, a fee of 0.3% of the aggregate principal amount of an Eligible Restricted Note on Existing Notes tendered in the Exchange Offer and restricted in the Restructuring Support Agreement (such Scheme Creditor must enter into to the Restructuring Support Agreement (“Consenting Creditor”)) on or before 4:00 pm London time on April 25, 2023 (the “Instruction Fee Deadline”) (such Existing Notes, “Eligible Restricted Notes”).</p> <p>Notwithstanding the above, the Instruction Fee is paid in cash on the Restructuring Effective Date (or as soon as practicable thereafter) to the:</p> <ul style="list-style-type: none"> (a) Consenting Creditor who held the Eligible Restricted Notes at the Instruction Fee Deadline and who still holds them at Record Time (provided no valid or invalid transfer of such Existing Notes); or (b) Consenting Creditor holding the Eligible Restricted Notes at the Record Time as a result of valid transfer(s) of such Eligible Restricted Notes. <p>If there is a purported transfer that does not adhere strictly to the terms of the Restructuring Support Agreement, including the transfer provisions, then the transfer is invalid and both the transferor and transferee lose the Instruction Fee entitlement on the Eligible Restricted Notes subject to the purported invalid transfer, and the aggregate amount of Instruction Fee payable is reduced accordingly. The Information, Exchange and Tabulation Agent’s determination will be final and may not be disputed.</p> <p>In any event, the Instruction Fee is only payable to such Consenting Creditor, if:</p> <ul style="list-style-type: none"> (a) It tenders all of its Existing Notes under the Exchange Offer or validly acquires its Eligible Restricted Notes in compliance with the terms of the Restructuring Support Agreement from a Consenting Creditor who tendered such Existing Notes under the Exchange Offer; (b) It submits a validly completed Accession Letter to the Information, Exchange and Tabulation Agent via the RSA Accession Portal prior to the relevant deadline; (c) It votes in favour of the Scheme Meeting; (d) It votes all its Existing Notes then held in favour of the Scheme Meeting;

	and (e) It has not exercised its rights to terminate or breached any provision of the Restructuring Support Agreement.
Treatment of the Existing Notes	Save as otherwise provided for in this term sheet, on the Restructuring Effective Date, all outstanding Existing Notes will be cancelled.

Terms of the New Notes	
<p><i>The following summary is provided solely for your convenience. This summary is not intended to be complete and it is subject to important limitations and exceptions. For a more detailed description of the New Notes, see “Description of the New Notes” set out in Annex A. The information contained in “Description of the New Notes” shall prevail to the extent of any inconsistency with the information set forth in this summary. Terms used in this summary and not otherwise defined shall have the meanings given to them in “Description of the New Notes.”</i></p>	
Issuer of New Notes	Guangdong – Hong Kong Greater Bay Area Holdings Limited (粵港灣控股有限公司), incorporated in the Cayman Islands with limited liability
Original Issue Date	The Restructuring Effective Date (or as soon as practicable thereafter)
Principal Amount	The original principal amount of the New Notes shall be an amount equal to the sum of (i) 100% of outstanding principal amount of the October 2023 Notes as of the Record Time, plus accrued and unpaid interest on the October 2023 Notes up to the Restructuring Effective Date at the rate of 13.85% per annum, and (ii) 101% of outstanding principal amount of the May 2023 Notes as of the Record Time, plus accrued and unpaid interest on the May 2023 Notes up to the Restructuring Effective Date at the rate of 12.0% per annum.
Maturity/Principal Repayment	The tenor of the New Notes will be 3 years from the Restructuring Effective Date, repayable on the maturity date of the New Notes (the “ Maturity Date ”).
Interest	The New Notes will bear interest at 7.0% per annum:
Interest Payment Dates	<p>The New Notes will bear interest at 7.0% per annum</p> <ul style="list-style-type: none"> • from (and including) the Original Issue Date to (but excluding) the date falling on the 12th month monthiversary from the Original Issue Date (the “12th Month Monthiversary Date”), (A) 65% of which (rounded up to the nearest US\$1) shall be capitalized and added to the then current outstanding principal amount of the New Notes semi-annually each year (each, a “PIK Interest Payment Date” and such capitalized interest, the “PIK Interest”), and (B) 35% of which (rounded up to the nearest US\$1) shall be payable in cash, in arrears semi-annually each year; and • from (and including) the 12th Month Monthiversary Date to (but excluding) the Maturity Date, which shall be payable in cash, in arrears semi-annually each year (each, a “Cash Interest Payment Date,” together with the PIK Interest Payment Date, the “Interest Payment Dates” and each an “Interest Payment Date”) and on the Maturity Date. <p>See “Description of the New Notes — Brief Description of the Notes — Interest.”</p>
PIK Interest	If a redemption or repurchase of the New Notes in accordance with the terms of the Indenture occurs before the 12th Month Monthiversary, any accrued and unpaid interest from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) to (but excluding) the redemption or repurchase date on such New Notes to be redeemed or repurchased shall be paid in cash.
Ranking of the New Notes	The New Notes will be:

	<ul style="list-style-type: none"> • general obligations of the Company; • senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the New Notes; • at least pari passu in right of payment with all other unsecured and unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law); • guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any, on a senior basis, subject to the limitations described below under the caption “Description of the New Notes — The Subsidiary Guarantees and the JV Subsidiary Guarantees”; • effectively subordinated to the secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and • effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.
<p>Subsidiary Guarantees</p>	<p>Each of the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will jointly and severally Guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the New Notes and the Indenture.</p> <p>A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances. See “Description of the New Notes — The Subsidiary Guarantees and the JV Subsidiary Guarantees — Release of the Subsidiary Guarantees and JV Subsidiary Guarantees.”</p> <p>The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of all of the Restricted Subsidiaries other than the Non-Guarantor Subsidiaries. The initial Subsidiary Guarantors are holding companies that do not have significant operations. None of the Company’s other Restricted Subsidiaries organized outside of the PRC (the “Initial Other Non-Guarantor Subsidiaries”) and the Restricted Subsidiaries organized under the laws of the PRC (collectively, the “PRC Non-Guarantor Subsidiaries,” and together with the Initial Other Non-Guarantor Subsidiaries, the “Initial Non-Guarantor Subsidiaries”) will be a Subsidiary Guarantor on the Original Issue Date.</p> <p>No future Restricted Subsidiaries organized under the laws of the PRC, any Exempted Subsidiary or Listed Subsidiary will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future.</p> <p>The Company will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC, Exempted Subsidiaries or Listed Subsidiaries), promptly upon such future Restricted Subsidiary becoming a Restricted Subsidiary or ceases to be an Exempted Subsidiary or Listed Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture, pursuant to which such Restricted Subsidiary will Guarantee the payment of the New Notes as either a Subsidiary Guarantor or a JV Subsidiary Guarantor. Notwithstanding the foregoing sentence, the Company may elect to have any future Restricted Subsidiary organized outside the PRC not provide a Subsidiary Guarantee or JV Subsidiary</p>

	<p>Guarantee (each a “New Non-Guarantor Subsidiary,” together with the Initial Other Non-Guarantor Subsidiaries, the “Other Non-Guarantor Subsidiaries”) at the time such entity becomes a Restricted Subsidiary or ceases to be an Exempted Subsidiary or Listed Subsidiary, provided that, after giving effect to the Consolidated Assets of such Restricted Subsidiary, the Consolidated Assets of all Other Non-Guarantor Subsidiaries (other than Exempted Subsidiaries or Listed Subsidiaries) do not account for more than 15.0% of the Total Assets.</p> <p>A Subsidiary Guarantee may be released in certain circumstances. See “Description of the New Notes — The Subsidiary Guarantees and the JV Subsidiary Guarantees – Release of the Subsidiary Guarantees and JV Subsidiary Guarantees.”</p>
<p>Ranking of the Subsidiary Guarantees</p>	<p>The Subsidiary Guarantee of each Subsidiary Guarantor will be:</p> <ul style="list-style-type: none"> • is a general obligation of such Subsidiary Guarantor; • is effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor; • is senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; • ranks at least pari passu with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law); and • is effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries of such Subsidiary Guarantors.
<p>Ranking of the JV Subsidiary Guarantees</p>	<p>If any is provided, the JV Subsidiary Guarantee of each JV Subsidiary Guarantor:</p> <ul style="list-style-type: none"> • will be a general obligation of such JV Subsidiary Guarantor; • will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be enforceable only up to the JV Entitlement Amount; • will be effectively subordinated to secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor; • will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and Shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; and • will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to the JV Entitlement Amount, and will rank at least pari passu with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any

	<p>priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law).</p>
Use of Proceeds	<p>The Company will not receive any cash proceeds from the issuance of the New Notes.</p>
Optional Redemption	<p>At any time and from time to time prior to the maturity date of the New Notes, the Company may at its option redeem the New Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the New Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, as set forth in “Description of the New Notes — Optional Redemption.”</p>
Mandatory Redemption	<p>On the date that is the 18th month monthiversary from the Original Issue Date (the “18th Month Monthiversary Date”), the Company shall redeem the New Notes having a principal amount equal to the First Redemption Amount, at a redemption price equal to 100% of the principal amount of the New Notes redeemed, plus the accrued and unpaid interest on such New Notes to (but excluding) the redemption date; provided that if the First Redemption Amount is nil or a negative number, the Company shall not be required to redeem any New Notes pursuant to this paragraph.</p> <p>On the 24th month monthiversary from the Original Issue Date (the “24th Month Monthiversary Date”), the Company shall redeem the New Notes in the principal amount equal to the Second Redemption Amount, at a redemption price equal to 100% of the principal amount of the New Notes redeemed, plus the accrued and unpaid interest on such New Notes to (but excluding) the redemption date; provided that if the Second Redemption Amount is nil or a negative number, the Company shall not be required to redeem any New Notes pursuant to this paragraph.</p> <p>On the date that is the 30th month monthiversary from the Original Issue Date (the “30th Month Monthiversary Date”), the Company shall redeem the New Notes in the principal amount equal to the Third Redemption Amount, at a redemption price equal to 100% of the principal amount of the New Notes redeemed, plus the accrued and unpaid interest on such New Notes to (but excluding) the redemption date; provided that if the Third Redemption Amount is nil or a negative number, the Company shall not be required to redeem any New Notes pursuant to this paragraph.</p> <p>A Note of US\$150,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any certificated Note, a new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on the New Notes or portions of them called for redemption.</p> <p>Neither the Trustee nor the Paying Agent is responsible for calculating or verifying any amount payable under “Mandatory Redemption.”</p>
Mandatory Redemption Upon Specified Asset Sale	<p>Upon consummation of any Specified Asset Sale, the Company shall, within 60 days (such 60-day period, the “Allocation Period”) from and including:</p> <p>(A) the later of (x) the date of consummation of such Specified Asset Sale and (y) the date when the aggregate Net Consideration of all Specified Asset Sales consummated between the period from (and including) the Original Issue Date to (and including) such date has reached RMB350.0 million (such date, the “First Trigger Date”), allocate, or procure the allocation of 50% of the Net Consideration derived from all Specified Asset Sales consummated between the period from (and including) the Original</p>

	<p>Issue Date to (and including) the First Trigger Date (the “First Allocation Amount”) as follows, and</p> <p>(B) the later of (x) the date of consummation of such Specified Asset Sale and (y) the date when the aggregate Net Consideration of all Specified Asset Sales consummated between the period from (and including) the First Trigger Date to (and including) such date has reached RMB50.0 million (such date, a “Subsequent Trigger Date”), allocate, or procure the allocation of 50% of the Net Consideration derived from all Specified Asset Sales consummated between the period from (and excluding) the First Trigger Date to (and including) such Subsequent Trigger Date (a “Subsequent Allocation Amount” and, together with the First Allocation Amount and all other Subsequent Allocation Amounts, each an “Allocation Amount”) as follows:</p> <ul style="list-style-type: none"> (i) apply all such Allocation Amount to (X) redeem the New Notes at a redemption price equal to 100% of the principal amount of the New Notes to be redeemed, plus the accrued and unpaid interest on such New Notes to (but excluding) the redemption date, provided that the Company shall not be required to apply any Allocation Amount pursuant to this sub-clause (i)(X) if and to the extent the Company has already redeemed or repurchased 11% of the Issue Amount pursuant to this sub-clause (i)(X) and the captions "Mandatory Redemption," "Optional Redemption," "Repurchase of Notes upon a Change of Control," "Redemption for Taxation Reasons" and "Limitation on Asset Sales," and/or (Y) pay the principal of, premium, if any, and interest on the New Notes, in each case that has become due and payable within the Allocation Period; and (ii) to the extent there is any Allocation Amount remaining after taking into account such redemption and payments pursuant to sub-clause (i), repurchase the New Notes through tender offers, open market repurchases or otherwise redeem the New Notes in accordance with the terms of the Indenture, <p>provided, however, that the foregoing allocation shall be made on a pro rata basis based on the principal amount of New Notes and such other pari passu Indebtedness subject to a covenant substantially similar to this “Mandatory Redemption Upon Specified Asset Sales” covenant.</p> <p>Upon allocation in full of a Subsequent Allocation Amount pursuant to clause (B) of the preceding paragraph, the accumulated Net Consideration derived from all Specified Asset Sales consummated between the period from (and excluding) the First Trigger Date to (and including) the corresponding Subsequent Trigger Date shall be reset at zero. Specified Asset Sales consummated after a Subsequent Trigger Date shall continue to comply with clause (B) of the preceding paragraph, namely the Net Consideration derived from Specified Asset Sales consummated after a Subsequent Trigger Date shall be accumulated and shall be applied in accordance with clause (B) of the preceding paragraph once such accumulated Net Consideration reaches RMB50.0 million.</p> <p>If a redemption of the New Notes pursuant to sub-clause (i)(X) of this "Mandatory Redemption Upon Specified Asset Sales" covenant occurs before the 12th Month Anniversary Date, the Company shall pay in cash accrued and unpaid interest (including the PIK Interest) on the New Notes being purchased from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) to (but excluding) such purchase date.</p>
<p>Repurchase of New Notes Upon a Change of Control</p>	<p>Not later than 30 days following a Change of Control Triggering Event, the Company will make an Offer to Purchase all outstanding New Notes at a purchase price equal to 101% of their principal amount plus accrued and</p>

	unpaid interest, if any, to (but not including) the repurchase date. See “Repurchase of Notes Upon a Change of Control” in “Description of the New Notes.”
Redemption for Taxation Reason	Subject to certain exceptions and as more fully described herein, the New Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, at any time, upon giving not less than 30 days’ nor more than 60 days’ notice to the Holders (which notice shall be irrevocable) and upon reasonable notice in advance of such notice to Holders to the Trustee and the Paying and Transfer Agent, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption, if the Company or a Surviving Person would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws. See “Description of the New Notes — Redemption for Taxation Reasons.”
Additional Amounts	All payments of principal of, and premium (if any) and interest on the New Notes or under the Subsidiary Guarantees and JV Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, collected, withheld, assessed or levied by any jurisdiction in which the Company, a Surviving Person (as defined under “Description of the New Notes — Additional Amounts — Consolidation, Merger and Sale of Assets”) or an applicable Subsidiary Guarantor or JV Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a “ Relevant Jurisdiction ”), or the jurisdiction through which payments are made or any political subdivision or taxing authority thereof or therein (each, together with a Relevant Jurisdiction, a “ Taxing Jurisdiction ”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. Subject to certain exceptions, in the event that any such withholding or deduction is so required, the Company, a Surviving Person or the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, will pay such additional amounts (“Additional Amounts”) as will result in receipt by the Holder of each New Note, the Subsidiary Guarantees or the JV Subsidiary Guarantees, as the case may be, of such amounts as would have been received by such Holder had no such withholding or deduction been required.
Carve-out to Events of Default	The events of default provision under the New Notes will carve out the default of the Excluded Indebtedness and other defaults whose occurrence is as a result of any default or event of default under the Excluded Indebtedness. See “Description of the New Notes — Events of Default.”
Covenants	The Indenture will limit the Company’s ability and the ability of its Restricted Subsidiaries to, among other things: <ul style="list-style-type: none"> • incur additional indebtedness and issue disqualified or preferred stock; • declare dividends on its capital stock or purchase or redeem capital stock; • make investments or other specified restricted payments; • create liens;

	<ul style="list-style-type: none"> • create encumbrance or restriction on the Restricted Subsidiaries' ability to pay dividends, pay indebtedness, transfer assets or make intercompany loans; • issue or sell capital stock of Restricted Subsidiaries; • guarantee additional indebtedness; • enter into sale and leaseback transactions; • sell assets; • enter into transactions with shareholders and affiliates; • engage in any business other than permitted business; and • effect a consolidation or merger. <p>These covenants are subject to a number of important qualifications and exceptions described in "Description of the New Notes — Certain Covenants."</p>
Amendments and Waiver of the New Notes Indenture	Certain major terms of the New Notes Indenture may be modified, amended or waived with the consent of holders of not less than 66% in aggregate principal amount of the outstanding New Notes, including the reduction of the principal amount of, or premium, if any, or interest on, any New Note, the release of any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the New Notes Indenture. See "Amendments and Waiver — Amendments With Consent of Holders" in "Description of the New Notes."
Transfer Restrictions	The New Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "Transfer Restrictions."
Form, Denomination and Registration	The New Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$150,000 of principal amount and integral multiples of US\$1 in excess thereof and will be initially represented by one or more global notes deposited with a common depository for Euroclear and Clearstream and registered in the name of the common depository or its nominee. Beneficial interests in the Global Note will be shown on, and transfers thereof will be effected only through, the records maintained by Euroclear and Clearstream.
Book-entry Only	The New Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream for the accounts of their respective participants. For a description of certain factors relating to clearance and settlement, see "Book-Entry; Delivery and Form" in "Description of the New Notes."
Trustee and Collateral Agent	China Construction Bank (Asia) Corporation Limited
Paying and Transfer Agent and Registrar	China Construction Bank (Asia) Corporation Limited
Listing	Application will be made to the SGX-ST for the listing and quotation of the New Notes on the Official List of the SGX-ST. Under the rules of the SGX-

	ST, the New Notes if traded on the SGX-ST are required to be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, for so long as the New Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the New Notes if traded on the SGX-ST will be traded in a minimum board lot size of US\$200,000.
Ratings	The New Notes are unrated.
Governing Law	New York Law

ANNEX A

DESCRIPTION OF THE NEW NOTES

For purposes of this "Description of the New Notes", the term "**Company**" refers only to Guangdong — Hong Kong Greater Bay Area Holdings Limited, and any successor obligor on the Notes, and not to any of its Subsidiaries, and the term "**Notes**" only refer to the New Notes issued by the Company. Each Subsidiary of the Company which Guarantees the Notes (other than a JV Subsidiary Guarantor) is referred to as a "**Subsidiary Guarantor**", and each such Guarantee is referred to as a "**Subsidiary Guarantee**". Each Subsidiary of the Company that in the future provides a JV Subsidiary Guarantee (as defined below) is referred to as a "**JV Subsidiary Guarantor**".

The Notes are to be issued under an indenture (the "**Indenture**"), to be dated as of the Original Issue Date, among the Company, the Subsidiary Guarantors, as guarantors, and ~~Citicorp International~~ China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司), as trustee (the "**Trustee**").

The following is a summary of certain material provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any). It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection upon prior written request and proof of holding and identity to the satisfaction of the Trustee, during usual business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) on or after the Original Issue Date at the corporate trust office of the Trustee at 20/F, ~~Citi~~ CCB Tower, One Bay East, 83 Hoi Bun3 Connaught Road, Kwun Tong, Kowloon Central, Central, Hong Kong.

Brief Description of the Notes

The Notes are:

- general obligations of the Company;
- senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- at least pari passu in right of payment with all other unsecured and unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any, on a senior basis, subject to the limitations described below under the caption "~~—~~ The Subsidiary Guarantees and the JV Subsidiary Guarantees" and in "Risk Factors ~~—~~ Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees";
- effectively subordinated to the secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and
- effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

~~The Notes will mature on October 12, 2023, at 102.6% of its outstanding principal amount, unless earlier redeemed pursuant to the terms thereof and the Indenture.~~

The Notes are issued on the Original Issue Date. The Notes will mature on the same date (a "monthiversary") falling on the 36th month from the Original Issue Date (the "Maturity Date"), unless earlier redeemed pursuant to the terms thereof and the Indenture.

The Indenture allows ~~Additional Notes~~ notes (other than any increase in the principal of the Notes as a result of payment of the PIK Interest) to be issued from time to time (the "**Additional Notes**"), subject to certain limitations described under "~~—~~ Further Issues". Unless the context requires otherwise, references to the "**Notes**" for all

purposes of the Indenture and this "Description of the New Notes" include any Additional Notes that are actually issued.

Interest

Subject to the section entitled "Events of Default" below, the Notes will bear interest at 7.0% per annum:

- (i) from (and including) the Original Issue Date to (but excluding) the date falling on the 12th month anniversary from the Original Issue Date (the "12th Month Anniversary Date"), (A) 65% of which (rounded up to the nearest US\$1) shall be capitalized and added to the then current outstanding principal amount of the Notes semi-annually each year (each, a "PIK Interest Payment Date" and such capitalized interest, the "PIK Interest"), and (B) 35% of which (rounded up to the nearest US\$1) shall be payable in cash, in arrears semi-annually each year; and

~~The Notes will bear interest at 13.85% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on April 12 and October 12 of each year (each~~(ii) from (and including) the 12th Month Anniversary Date to (but excluding) the Maturity Date, which shall be payable in cash, in arrears semi-annually each year (each, a "Cash Interest Payment Date," together with the PIK Interest Payment Date, the "Interest Payment Dates" and each an "Interest Payment Date"), commencing April 12, 2022. Interest") and on the Maturity Date.

Subject to the foregoing, interest on the Notes will be paid to the Holders of record at the close of business on March 28 or September 27the fifteenth calendar day immediately preceding an Interest Payment Date (each, a "Record Date"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. So long as the Notes are held in global form, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except December 25 and January 1. Interest on the Notes will be calculated on the basis of a 360-day year composed of twelve 30-day months.

Payment of the PIK Interest will increase the principal amount of the Notes in an amount equal to the PIK Interest for the applicable interest period (rounded up to the nearest US\$1) on the Record Date. Following an increase in the principal amount of the Notes, the Notes will bear interest on the increased principal amount thereof, from and after the applicable PIK Interest Payment Date on which payment of the relevant PIK Interest is made.

In any case in which the date of the payment of principal of, premium, if any, or interest on the Notes is not a Business Day in the relevant place of payment, or in the place of business of the Paying Agent, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes shall accrue for the period after such date.

The Notes will be issued only in fully registered form, without coupons, in denominations of US\$20150,000 and integral multiples of US\$1,0001 in excess thereof, ~~except that any Notes created as a result of payment of the PIK Interest may be issued in minimum denominations of US\$1.~~ No service charge will be made for any registration of transfer or exchange of Notes, but the Company may require payment by the Holders of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars by wire transfer by the Company at the office or agency of the Company maintained for that purpose (which initially will be the specified office of the Paying Agent currently located at ~~e/o Citibank, N.A., Dublin Branch, One North Wall Quay, Dublin 1, Ireland~~20/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) and the Notes may be presented for registration of transfer or exchange at such office or agency; **provided that**, if the Notes are in certificated form and the Company acts as its own paying agent, at the option of the Company, payment of interest may be made by wire transfer or by check mailed to the address of the Holders as such address appears in the Note register. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants on the Business Day following payment thereof.

The Subsidiary Guarantees and the JV Subsidiary Guarantees

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will be Hongkong Hydoos Holding Limited (香港毅德控股有限公司), Trade Logistics Enterprises Limited (業運企業有限公司), Abundant Idea Investments Limited (訊溢投資有限公司), Hongkong China Hydoos Logistic Limited (香港中國毅德物流有限公司), Hongkong Deshang Bright Ocean Limited (香港德尚時光海有限公司), Hongkong Hydoos Group Investment Company Limited (香港毅德集團投資有限公司), Copious Epoch Limited (世溢有限公司), Union Capital Holdings Limited (滙聯集團有限公司), Jiayue Limited (佳粵有限公司) and Hongkong Hydoos Financial Holding Limited (香港毅德金融控股有限公司). These Subsidiary Guarantors consist of all of the Company's Restricted Subsidiaries other than the Non-Guarantor Subsidiaries. None of the Company's other Restricted Subsidiaries organized outside of the PRC (the "**Initial Other Non-Guarantor Subsidiary**") and the Restricted Subsidiaries organized under the laws of the PRC (collectively, the "**PRC Non-Guarantor Subsidiaries**"), and together with the Initial Other Non-Guarantor Subsidiary, the "**Initial Non-Guarantor Subsidiaries**") will be a Subsidiary Guarantor on the Original Issue Date.

No future Restricted Subsidiaries organized under the laws of the PRC, any Exempted Subsidiary or Listed Subsidiary will provide a Subsidiary Guarantee or JV Subsidiary Guarantee at any time in the future. Although the Indenture contains limitations on the amount of additional Indebtedness that Restricted Subsidiaries (including Non-Guarantor Subsidiaries) may incur, the amount of such additional Indebtedness could be substantial. In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, such Non-Guarantor Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company.

In the case of a Restricted Subsidiary that is, or is proposed by the Company or any Restricted Subsidiary to be, established after the Original Issue Date or any entity (1) that is incorporated in any jurisdiction other than the PRC and (2) in respect of which the Company or any Restricted Subsidiary (x) in the case of a Restricted Subsidiary, is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20.0% of the Capital Stock of such Restricted Subsidiary or (y) in the case of any other entity, is proposing to purchase the Capital Stock of such entity such that it becomes a Subsidiary and designate such entity as a Restricted Subsidiary, the Company may (in each case, to the extent such Restricted Subsidiary is not an Exempted Subsidiary, a Listed Subsidiary or incorporated in the PRC), concurrently with such sale or purchase, provide a JV Subsidiary Guarantee instead of a Subsidiary Guarantee for (a) such Restricted Subsidiary and (b) the Restricted Subsidiaries of such Restricted Subsidiary that are organized in any jurisdiction other than the PRC (other than Exempted Subsidiaries or Listed Subsidiaries), if the following conditions, in the case of both (a) and (b), are satisfied:

- as of the date of execution of the JV Subsidiary Guarantee (as defined below), no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (i) prohibiting the Company or any of the Restricted Subsidiaries from providing such JV Subsidiary Guarantee or (ii) requiring the Company or any of the Restricted Subsidiaries to deliver or keep in place a Guarantee on terms that are more favorable to the recipients of such Guarantee than the JV Subsidiary Guarantee;
- such sale or issuance of Capital Stock is made to, or such purchase of Capital Stock is made from, an Independent Third Party at a consideration that is not less than (in the case of a sale or issuance) or no more than (in the case of a purchase) the Fair Market Value of such Capital Stock; and
- concurrently with providing the JV Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee (the "**JV Subsidiary Guarantee**") of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC (other than Exempted Subsidiaries or Listed Subsidiaries), and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor and each such Restricted Subsidiary of such JV Subsidiary Guarantor will Guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the applicable JV Entitlement Amount;

- (ii) an Officers' Certificate certifying a copy of the Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
- (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantees are valid, binding and enforceable against the JV Subsidiary Guarantors providing such JV Subsidiary Guarantees (subject to customary qualifications and assumptions).

As of June 30, 2021,

- ~~the Company and its consolidated subsidiaries had bank loans and other borrowings, interest bearing loan from a non controlling interest and senior notes of approximately RMB5,506.8 million (approximately US\$852.9 million), including short term indebtedness of RMB2,820.9 million (US\$436.9 million);~~
- ~~the Company and the Subsidiary Guarantors (on an unconsolidated basis) had total senior notes of approximately RMB2,367.8 million (US\$366.7 million); and~~
- ~~the Non-Guarantor Subsidiaries had total bank loans and other borrowings and interest bearing loan from a non controlling interest in the amount of RMB3,139.0 million (US\$486.2 million).~~

~~In addition, as of June 30, 2021, the Initial Non-Guarantor Subsidiaries had commitments in respect of property development expenditure and contingent liabilities of approximately RMB4,849.5 million (US\$751.1 million) and RMB6,090.8 million (US\$974.3 million), respectively.~~

The Subsidiary Guarantee of each Subsidiary Guarantor:

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

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

- will be a general obligation of such JV Subsidiary Guarantor;
- will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be enforceable only up to the JV Entitlement Amount;
- will be effectively subordinated to secured obligations of such JV Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to the JV Entitlement Amount, and will be senior in right of payment to all future obligations of such JV Subsidiary Guarantor expressly subordinated in right of payment to such JV Subsidiary Guarantee; and
- will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to the JV Entitlement Amount, and will rank

at least pari passu with all other unsecured, unsubordinated Indebtedness of such JV Subsidiary Guarantor (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law).

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

In the case of a Subsidiary Guarantor with respect to which the Company or any Restricted Subsidiary is proposing to sell, whether through the sale of existing shares or the issuance of new shares, no less than 20.0% of the Capital Stock of such Subsidiary Guarantor, the Company may concurrently with the consummation of such sale or issuance of Capital Stock, (a) instruct the Trustee to release the Subsidiary Guarantees provided by such Subsidiary Guarantor and each of its Restricted Subsidiaries organized outside the PRC, and upon such release such Subsidiary Guarantor and its Restricted Subsidiaries organized outside the PRC will become New Non-Guarantor Subsidiaries (such that they will no longer Guarantee the Notes), **provided that** after the release of such Subsidiary Guarantees, the Consolidated Assets of all Other Non-Guarantor Subsidiaries (including the New Non-Guarantor Subsidiaries but other than Exempted Subsidiaries or Listed Subsidiaries) do not account for more than 15.0% of Total Assets. A Subsidiary Guarantee of a Subsidiary Guarantor may only be released pursuant to this paragraph if as of the date of such proposed release, no document exists that is binding on the Company or any of the Restricted Subsidiaries that would have the effect of (a) prohibiting the Company or any of the Restricted Subsidiaries from releasing such Subsidiary Guarantee or (b) requiring the Company or such Subsidiary Guarantor to deliver or keep in place a Guarantee of other Indebtedness of the Company by such Subsidiary Guarantor.

Each Restricted Subsidiary that Guarantees the Notes after the Original Issue Date other than a JV Subsidiary Guarantor is referred to as a "**Future Subsidiary Guarantor**" and upon execution of the applicable supplemental indenture to the Indenture will be a "**Subsidiary Guarantor**".

Under the Indenture and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors and JV Subsidiary Guarantors (if any) will jointly and severally Guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indenture; **provided that** any JV Subsidiary Guarantee provided by any JV Subsidiary Guarantor will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to the applicable JV Entitlement Amount. The Subsidiary Guarantors and JV Subsidiary Guarantors will (1) agree that their respective obligations under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be reinstated with respect to such payment as though such payment had not been made. All payments under the Subsidiary Guarantees and the JV Subsidiary Guarantees, as the case may be, will be made in U.S. dollars.

Under the Indenture, and any supplemental indenture thereto, as applicable,

- each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be Guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it

relates to such Subsidiary Guarantor, voidable under applicable law relating to insolvency, fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally; and

- each JV Subsidiary Guarantee provided by any JV Subsidiary Guarantor will, together with all the JV Subsidiary Guarantees provided by the Subsidiaries and shareholders of such JV Subsidiary Guarantor, in the aggregate, be limited to an amount which is the lower of (i) the applicable JV Entitlement Amount and (ii) an amount not to exceed the maximum amount that can be Guaranteed by the applicable JV Subsidiary Guarantor without rendering the JV Subsidiary Guarantee, as it relates to such JV Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

If a Subsidiary Guarantee or JV Subsidiary Guarantee were to be rendered void or voidable, it could be rendered ineffective or subordinated by a court to all other indebtedness (including Guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, and, depending on the amount of such indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee or a JV Subsidiary Guarantor's liability on its JV Subsidiary Guarantee, as the case may be, could in each case be reduced to zero.

The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. Similarly, the obligations of each JV Subsidiary Guarantor under its JV Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. The Guarantee of a Subsidiary Guarantor or a JV Subsidiary Guarantor may be voided or subject to review under applicable insolvency or fraudulent transfer laws, or subject to a lawsuit by or on behalf of creditors of such Subsidiary Guarantor or JV Subsidiary Guarantor. See "Risk Factors — Risks Relating to the Subsidiary Guarantees and the JV Subsidiary Guarantees — The Subsidiary Guarantees or JV Subsidiary Guarantees may be challenged under applicable financial assistance, insolvency, corporate benefit or fraudulent transfer or unfair preference laws, which could impair the enforceability of the Subsidiary Guarantees or JV Subsidiary Guarantees."

Release of the Subsidiary Guarantees and JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor and a JV Subsidiary Guarantee given by a JV Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under "Defeasance Defeasance and Discharge";
- in the case of a Subsidiary Guarantee, upon the replacement of a Subsidiary Guarantee with a JV Subsidiary Guarantee in compliance with the terms of the Indenture;
- in the case of a JV Subsidiary Guarantee, upon the replacement of such JV Subsidiary Guarantee with a Subsidiary Guarantee in compliance with the terms of the Indenture;
- upon the designation by the Company of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, as an Unrestricted Subsidiary in compliance with the terms of the Indenture;
- upon the sale, merger or disposition of a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, in compliance with the terms of the Indenture (including the covenants described under the captions "Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries," "Certain Covenants — Limitation on Asset Sales," "Certain Covenants — Mandatory Redemption Upon Specified Asset Sales" and "Consolidation, Merger and Sale of Assets") resulting in such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or

any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale, merger or disposition are used for the purposes permitted or required by the Indenture; or

- in the case of a Subsidiary Guarantor that becomes a New Non-Guarantor Subsidiary, in compliance with the terms of the Indenture.

Replacement of Subsidiary Guarantees with JV Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released following the sale or issuance by the Company or any Restricted Subsidiary of Capital Stock in (a) such Subsidiary Guarantor or (b) any other Subsidiary Guarantor that, directly or indirectly, owns a majority of the Capital Stock of such Subsidiary Guarantor, in each case where such sale or issuance, whether through the sale of existing shares or the issuance of new shares, is for no less than 20.0% of the issued Capital Stock of the relevant Subsidiary Guarantor, **provided that** the following conditions are satisfied or complied with:

- as of the date of such proposed release, no document exists that is binding on the Company or any Restricted Subsidiary that would have the effect of (i) prohibiting the Company or any Restricted Subsidiary from releasing such Subsidiary Guarantee, (ii) prohibiting the Company or any Restricted Subsidiary from providing such JV Subsidiary Guarantee or (iii) requiring the Company or any Restricted Subsidiary to deliver or keep in force a replacement Guarantee on terms that are more favorable to the recipients of such Guarantee than the JV Subsidiary Guarantee;
- such sale or issuance of Capital Stock is made to an Independent Third Party at a consideration that is not less than the Fair Market Value of such Capital Stock; and
- concurrently with the release of such Subsidiary Guarantee, the Company shall or shall cause such JV Subsidiary Guarantor to deliver to the Trustee:
 - (i) (A) a duly executed JV Subsidiary Guarantee of such JV Subsidiary Guarantor and each Restricted Subsidiary of such JV Subsidiary Guarantor that is not organized under the laws of the PRC (other than Exempted Subsidiaries or Listed Subsidiaries) and (B) a duly executed supplemental indenture to the Indenture pursuant to which such JV Subsidiary Guarantor will Guarantee the payment of the Notes, each of which provides, among other things, that the aggregate claims of the Holders and the Trustee under such JV Subsidiary Guarantee and all JV Subsidiary Guarantees provided by the Restricted Subsidiaries and shareholders of such JV Subsidiary Guarantor will be limited to the applicable JV Entitlement Amount;
 - (ii) an Officers' Certificate certifying a copy of a Board Resolution to the effect that such JV Subsidiary Guarantee has been approved by a majority of the disinterested members of the Board of Directors; and
 - (iii) a legal opinion by a law firm of recognized international standing confirming that under New York law such JV Subsidiary Guarantee is valid, binding and enforceable against the JV Subsidiary Guarantor providing such JV Subsidiary Guarantee (subject to customary qualifications and assumptions).

Notwithstanding the foregoing paragraph, any such sale or issuance of the Capital Stock of the relevant Subsidiary Guarantor (including where such sale results in the relevant Subsidiary Guarantor ceasing to be a Restricted Subsidiary) will need to comply with the other covenants set forth in the Indenture, including, without limitation, the "Limitation on Asset Sales," "Mandatory Redemption Upon Specified Asset Sales" and "Limitation on Restricted Payments" covenants.

Any Net Cash Proceeds from the sale or issuance of such Capital Stock shall be applied by the Company (or any Restricted Subsidiary) in accordance with the "Limitation on Asset Sales" or "Mandatory Redemption Upon Specified Asset Sales" covenant.

As of the date of the Indenture, all of the Company's Subsidiaries will be "Restricted Subsidiaries." However, under the circumstances described below under the caption "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries," the Company will be permitted to designate certain of its Subsidiaries as

"Unrestricted Subsidiaries"— The Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Company's Unrestricted Subsidiaries will not Guarantee the Notes.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee or a JV Subsidiary Guarantor from its JV Subsidiary Guarantee, as the case may be, shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officers' Certificate stating that all requirements and conditions precedent relating to such release under the Indenture have been complied with and that such release is authorized and permitted by the Indenture.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees and the JV Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price, the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a "**Further Issue**") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; **provided that** the issuance of any such Additional Notes shall then be permitted under the "Limitation on Indebtedness and Preferred Stock" covenant described below.

Mandatory Redemption

On the date that is the 18th month monthiversary from the Original Issue Date (the "**18th Month Monthiversary Date**"), the Company shall redeem the Notes having a principal amount equal to the First Redemption Amount, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the accrued and unpaid interest on such Notes to (but excluding) the 18th Month Monthiversary Date; **provided that** if the First Redemption Amount is nil or a negative number, the Company shall not be required to redeem any Notes pursuant to this paragraph.

On the 24th month monthiversary from the Original Issue Date (the "**24th Month Monthiversary Date**"), the Company shall redeem the Notes in the principal amount equal to the Second Redemption Amount, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the accrued and unpaid interest on such Notes to (but excluding) the 24th Month Monthiversary Date; **provided that** if the Second Redemption Amount is nil or a negative number, the Company shall not be required to redeem any Notes pursuant to this paragraph.

On the date that is the 30th month monthiversary from the Original Issue Date (the "**30th Month Monthiversary Date**"), the Company shall redeem the Notes in the principal amount equal to the Third Redemption Amount, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the accrued and unpaid interest on such Notes to (but excluding) the 30th Month Monthiversary Date; **provided that** if the Third Redemption Amount is nil or a negative number, the Company shall not be required to redeem any Notes pursuant to this paragraph.

A Note of US\$150,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any certificated Note, a new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on the Notes or portions of them called for redemption.

Neither the Trustee nor the Paying Agent is responsible for calculating or verifying any amount payable under "**Mandatory Redemption.**"

Optional Redemption

~~At any time prior to October 12, 2023, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 102.6% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor any of the Agents will be responsible for calculating or verifying the Applicable Premium.~~

At any time and from time to time prior to ~~October 12, 2023~~ the Maturity Date, the Company may at its option ~~redeem up to 35% of the principal amount of the Notes with the Net Cash Proceeds of one or more sales of its Common Stock in an Equity Offering, in whole or in part,~~ at a redemption price of ~~113.85~~ equal to 100% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; ~~provided that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.~~

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption to the Holders and the Trustee. If less than all of the Notes are to be redeemed, the Notes will be selected for redemption as follows:

- (1) if the Notes are listed on any securities exchange, in compliance with the requirements of the principal securities exchange on which the Notes are then listed (if any), and/or any applicable requirements of the clearing systems through which the Notes are held; or
- (2) if the Notes are not listed on any securities exchange and are not held through the clearing systems, on a pro rata

basis, ~~by lot or by such other method as selected by the Trustee deems fair and appropriate~~ in its sole and absolute discretion, unless otherwise required by law.

A Note of US\$~~201~~150,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any certificated Note, a Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

If a redemption of the Notes under this "Optional Redemption" section occurs before the 12th Month Anniversary Date, the Company shall pay in cash accrued and unpaid interest (including the PIK Interest) on the Notes being purchased from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) to (but excluding) such redemption date.

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.

If an Offer to Purchase Payment Date under this "Repurchase of Notes upon a Change of Control" section occurs before the 12th Month Anniversary Date, the Company shall pay in cash accrued and unpaid interest (including the PIK Interest) on the Notes being purchased from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) to (but excluding) such Offer to Purchase Payment Date.

The Company has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Company, it is important to note that if the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit the repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Company's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a ~~Change of Control Triggering Event~~ under the Notes may also constitute an event of default under certain debt instruments of the Company and its Subsidiaries. Future debt of the Company may also (1) prohibit the Company from purchasing Notes in the event of a ~~Change of Control Triggering Event~~; (2) provide that a ~~Change of Control Triggering Event~~ is a default; or (3) require repurchase of such debt upon a ~~Change of Control Triggering Event~~. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the ~~Change of Control Triggering Event~~ itself does not, due to the financial effect of the purchase on the Company. The Company's ability to pay cash to the Holders following the occurrence of a ~~Change of Control Triggering Event~~ may be limited by the

Company's and the Subsidiary Guarantors' then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors — Risks Relating to the New Notes — We may not be able to repurchase the New Notes upon a Change of Control-Triggering Event".

The definition of Change of Control includes a phrase relating to the sale of "all or substantially all" the assets of the Company. Although there is a limited body of case law interpreting the phrase "substantially all," no precise definition of the phrase has been established. Accordingly, the ability of a Holder of Notes to require the Company to repurchase such Holder's Notes as a result of a sale of less than all the assets of the Company to another person or group is uncertain and will be dependent upon particular facts and circumstances and the relevant jurisdiction or jurisdictions in which this phrase is interpreted.

Notwithstanding the above, the Company will not be required to make a Change of Control Offer following a Change of Control ~~Triggering Event~~ if a third party makes the Change of Control Offer in the same manner at the same time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Except as described above with respect to a Change of Control-~~Triggering Event~~, the Indenture does not contain provisions that permit the Holders to require the Company to repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

No ~~Mandatory Redemption or Sinking Fund~~

There will be no ~~mandatory redemption or sinking fund~~ payments for the Notes.

Additional Amounts

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

- (a) for or on account of:
 - (i) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (A) the existence of any present or former connection between the Holder or beneficial owner of such Note, Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, or, if the Holder is a trust, partnership, limited liability company or a corporation, its beneficiaries, partners, members or shareholders, and the Taxing Jurisdiction, other than merely holding such Note, Subsidiary Guarantee or JV Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Taxing Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

- (B) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30 day period;
- (C) the failure of the Holder or beneficial owner to comply with a timely request of the Company, a Surviving Person, any Subsidiary Guarantor or any JV Subsidiary Guarantor addressed to the Holder or beneficial owner, as the case may be, to provide any certification, identification, information and documents concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Taxing Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner; or
- (D) the presentation of such Note (where presentation is required) for payment in the Taxing Jurisdiction, unless such Note could not have been presented for payment elsewhere;
 - (ii) any estate, inheritance, gift, sale, excise, transfer, personal property or similar tax, assessment or other governmental charge;
 - (iii) any tax, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payments of principal, premium (if any) and interest on the Notes or from payments under the Subsidiary Guarantees or JV Subsidiary Guarantees (if any);
 - (iv) any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended ("**FATCA**"), any current or future Treasury Regulations or rulings promulgated thereunder, any intergovernmental agreement between the United States and any other jurisdiction pursuant to the implementation of FATCA, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA or an intergovernmental agreement with respect thereto, or any other agreement pursuant to the implementation of FATCA; or
 - (v) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii), (iii) and (iv).
- (b) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Taxing Jurisdiction, for tax purposes, of a beneficiary or settlor, with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, person or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee or JV Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person with respect to the Company, as a whole but not in part, at any time, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice shall be irrevocable) and upon reasonable notice in advance of such notice to Holders to the Trustee and the Paying Agent, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company or the Surviving Person, as the case may be, for redemption (the "**Tax Redemption Date**") if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or

- (2) any change in, or amendment to, an existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective or an official position is announced (a) in the case of the Company, Surviving Person and any initial Subsidiary Guarantor on or after the Original Issue Date, or (b) in the case of a Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, on or after the date such Future Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person becomes a Subsidiary Guarantor, JV Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Company, Surviving Person or a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Company, a Surviving Person, a Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be; **provided that** changing the jurisdiction of the Company, a Subsidiary Guarantor or Surviving Person is not a reasonable measure for purposes of this section; **provided further that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company, a Surviving Person, a Subsidiary Guarantor or a JV Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

- (a) an Officers' Certificate stating that such change or amendment or statement of an official position referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Company, such Surviving Person, Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, by taking reasonable measures available to it; and
- (b) an Opinion of Counsel or an opinion of a tax consultant of recognized standing with respect to tax matters in the Relevant Jurisdiction to the effect that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph exists.

If a redemption of the Notes under this "Redemption for Taxation Reasons" section occurs before the 12th Month Anniversary Date, the Company shall pay in cash accrued and unpaid interest (including the PIK Interest) on the Notes being redeemed from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) to (but excluding) such redemption date.

The Trustee shall and shall be entitled to rely on conclusively and accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are redeemed pursuant to the provisions under the caption "Redemption for Taxation Reasons" will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

- (a) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Company will not permit any Restricted Subsidiary to issue Preferred Stock, **provided that** the Company or any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Non-Guarantor Subsidiary may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 2.0 to 1.0. Notwithstanding the foregoing, the Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock of Restricted Subsidiaries held by the Company or a Subsidiary Guarantor, so long as it is so held).

- (b) Notwithstanding the foregoing, the Company and, to the extent provided below, any Restricted Subsidiary may Incur each and all of the following ("**Permitted Indebtedness**"):
- (1) Indebtedness under the Notes (including any increase in the principal amount of the Notes as a result of payment of the PIK Interest, but excluding any Additional Notes and any Indebtedness Guaranteed by Pari Passu Guarantee) and each Subsidiary Guarantee and JV Subsidiary Guarantee;
 - (2) any Pari Passu Guarantee;
 - (3) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (b)(4) of this "___ Limitation on Indebtedness and Preferred Stock" covenant; **provided that** such Indebtedness of Restricted Subsidiaries shall be included in the calculation of Permitted Subsidiary Indebtedness;
 - (4) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; **provided that** (x) any event which results in any such Restricted Subsidiary to whom such Indebtedness is owed ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (4), (y) if the Company is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Notes, and if a Subsidiary Guarantor or a JV Subsidiary Guarantor is the obligor on such Indebtedness and the Company is not the obligee, such Indebtedness must be unsecured and expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor or the JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be;
 - (5) Indebtedness ("**Permitted Refinancing Indebtedness**") of the Company or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, "**refinance**" and "**refinances**" and "**refinanced**" shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the immediately preceding paragraph (a) or clause (1), (2), (3), (8), (15), (16), (17), (18), (20), (21), (22) or (23) of this paragraph (b) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); **provided that** (i) Indebtedness the proceeds of which are used to refinance the Notes or Indebtedness that is pari passu with, or subordinated in right of payment to, the Notes, a Subsidiary Guarantee or a JV Subsidiary Guarantee shall only be permitted under this clause (5) if (x) in case the Notes are refinanced in part or the Indebtedness to be refinanced is pari passu with the Notes, a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued and remains outstanding, is expressly made pari passu with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee or a JV Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee or such JV Subsidiary Guarantee, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced; (iii) in no event may Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor be refinanced pursuant to this clause (5) by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor or a JV Subsidiary Guarantor; and (iv) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any JV Subsidiary Guarantor;

- (6) Indebtedness Incurred by the Company or any Restricted Subsidiary pursuant to Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Company or any of its Restricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities and not for speculation;
- (7) Pre-Registration Mortgage Guarantees by the Company or any Restricted Subsidiary;
- (8) Indebtedness Incurred by the Company or any Restricted Subsidiary:
 - (i) representing Capitalized Lease Obligations to be used in the ordinary course of business by the Company or a Restricted Subsidiary in the Permitted Business; or
 - (ii) for the purpose of financing (x) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or a Restricted Subsidiary in the Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such assets, real or personal property or equipment which will, upon acquisition, become a Restricted Subsidiary, or (y) all or any part of the purchase price or the cost of development, construction or improvement of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Company or such Restricted Subsidiary in the Permitted Business;

provided that, in the case of clause (ii), (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price, cost or payment, as the case may be, and (B) such Indebtedness shall be Incurred no later than 180 days after the acquisition of such assets, property or equipment or completion of such development, construction or improvement and, in the case of clauses (i) and (ii), (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (8) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under this clause (8) to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) and (2) the aggregate principal amount of all outstanding Indebtedness Incurred and Preferred Stock Issued under clauses (16), (17), (18), (20), (21), (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness), does not exceed an amount equal to 30.0% of Total Assets;

- (9) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);
- (10) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;
- (11) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; **provided that** the maximum aggregate liability in respect of all such Indebtedness in the nature of such Guarantee shall at no time exceed the gross proceeds actually received from the disposition of such business, assets or Restricted Subsidiary;
- (12) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business **provided however, that** such Indebtedness is extinguished within five Business Days of Incurrence;

- (13) (i) Guarantees by the Company or any Subsidiary Guarantor of Indebtedness of the Company or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant, (ii) Guarantees by any Restricted Subsidiary of Indebtedness of another Restricted Subsidiary that was permitted to be Incurred under another provision of this covenant or (iii) Guarantees by any JV Subsidiary Guarantor of Indebtedness of any other JV Subsidiary Guarantor that is a direct or indirect Subsidiary or parent of such JV Subsidiary Guarantor, which Indebtedness was permitted to be Incurred by another provision of this covenant;
- (14) Indebtedness of the Company or any Restricted Subsidiary with a maturity of one year or less used by the Company or any Restricted Subsidiary for working capital; **provided that** the aggregate principal amount of Indebtedness permitted by this clause (b)(14) at any time outstanding (together with refinancings thereof) does not exceed US\$25.0 million (or the Dollar Equivalent thereof);
- (15) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$20.0 million (or the Dollar Equivalent thereof);
- (16) Bank Deposit Secured Indebtedness Incurred by the Company or any Restricted Subsidiary; **provided that**, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (16) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock Issued pursuant to clause (8) above and clauses (17), (18), (20), (21), (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;
- (17) Indebtedness Incurred or Preferred Stock issued by the Company or any Restricted Subsidiary arising from any Investment made by a Trust Company Investor in a Restricted Subsidiary; **provided that**, on the date of Incurrence of such Indebtedness or issuance of such Preferred Stock and after giving effect thereto, the sum of (1) the aggregate amount outstanding of all Indebtedness Incurred and Preferred Stock Issued under this clause (17) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred pursuant to clauses (8) and (16) above and clauses (18), (20), (21), (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;
- (18) Indebtedness Incurred by any Restricted Subsidiary which is secured by Investment Properties or other properties owned and held by any Restricted Subsidiary for office use; **provided that**, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (18) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock issued pursuant to clauses (8), (16) and (17) above and clauses (20), (21), (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount), does not exceed an amount equal to 30.0% of Total Assets;
- (19) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into and becomes obligated to pay such deferred purchase price pursuant to such Staged Acquisition Agreement;

- (20) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting a Guarantee of Indebtedness of any Person (other than the Company or any Restricted Subsidiary) by the Company or such Restricted Subsidiary; **provided that**, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (20) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock Issued pursuant to clauses (8), (16), (17), and (18) above and clauses (21), (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;
- (21) Acquired Indebtedness Incurred of any Person that becomes a Restricted Subsidiary Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which such person becomes a Restricted Subsidiary or (B) otherwise in contemplation of such Person becoming a Restricted Subsidiary or any such acquisition); **provided that**, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (21) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock Issued pursuant to clauses (8), (16), (17), (18) and (20) above and clauses (22) and (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets;
- (22) Indebtedness of the Company or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Minority Interest Staged Acquisition Agreement, to the extent such deferred purchase price is paid within 12 months after the date the Company or such Restricted Subsidiary enters into and becomes obligated to pay such deferred purchase price pursuant to such Minority Interest Staged Acquisition Agreement; **provided that**, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (22) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock Issued pursuant to clauses (8), (16), (17), (18), (20) and (21) above and clause (23) below (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets; and
- (23) Indebtedness of the Company or any Restricted Subsidiary under Credit Facilities; **provided that**, on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (23) (including all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness) and (2) the aggregate principal amount outstanding of all Indebtedness Incurred and Preferred Stock Issued pursuant to clauses (8), (16), (17), (18), (20), (21) and (22) above (including, in each case, all Permitted Refinancing Indebtedness Incurred to refinance such Indebtedness, but excluding any Contractor Guarantee Incurred under clause (8) above to the extent the amount of such Contractor Guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 30.0% of Total Assets.
- (c) For purposes of determining compliance with this "Limitation on Indebtedness and Preferred Stock" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first paragraph, the Company, in its sole

discretion, shall classify, and from time to time may reclassify, such item of Indebtedness in one or more types of Indebtedness described above.

- (d) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred or Preferred Stock that may be issued pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness or Preferred Stock due solely to the result of fluctuations in the exchange rates of currencies.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as "**Restricted Payments**"):

- (1) declare or pay any dividend or make any distribution on or with respect to the Company's or any of the Restricted Subsidiaries' Capital Stock (other than dividends or distributions payable or paid in shares of the Company's or such Restricted Subsidiary's Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) or any direct or indirect parent of the Company held by any Persons other than the Company or any Restricted Subsidiary, other than the purchase of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement;
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any of the Subsidiary Guarantees or any of the JV Subsidiary Guarantees (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries); or
- (4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

- (A) a Default shall have occurred and is continuing or would occur as a result of such Restricted Payment;
- (B) the Company could not Incur at least US\$1.00 of Indebtedness under the provision in the first paragraph of the covenant under the caption " Limitation on Indebtedness and Preferred Stock"; or
- (C) such Restricted Payment, together with the aggregate amount of all (1) Restricted Payments made by the Company and its Restricted Subsidiaries after the Original Issue Date and (2) payments made by the Company and its Restricted Subsidiaries after the Measurement Date but on or before the Original Issue Date that would have been Restricted Payments had they been made after the Original Issue Date (excluding, for the avoidance of doubt, Restricted Payments permitted by clauses (2) to (8) and (10) to (13) of the immediately following paragraphs), shall exceed the sum (without duplication) of:
 - (1) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2015 and ending on the last day of the Company's most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); plus
 - (2) 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Restricted Subsidiary of the Company, including any such Net Cash Proceeds received upon (x) the conversion of any Indebtedness

(other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (y) the exercise by a Person who is not a Restricted Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock) in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; plus

- (3) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Restricted Subsidiary of the Company) subsequent to the Measurement Date of any Indebtedness of the Company or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company upon such conversion or exchange); plus
- (4) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person or other transfer of properties (with respect to transfer of properties, the amount of reduction shall be the lower of (x) such net reduction as recorded under GAAP and (y) the Fair Market Value of such properties at the time of such transfer), in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Measurement Date, (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date of an obligation of another Person, (C) to the extent that an Investment made after the Measurement Date was, after such date, or is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, or (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person; plus
- (5) US\$20.0 million (or the Dollar Equivalent thereof using the Measurement Date as the date of determination).

The foregoing provision shall not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) the redemption, repurchase or other acquisition of Capital Stock of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or a substantially concurrent sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); **provided that** the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(2) of the preceding paragraph;
- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor (or options, warrants or other rights

to acquire such Capital Stock); **provided that** the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(2) of the preceding paragraph;

- (5) any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favorable to the Company to all holders of any class of Capital Stock of such Restricted Subsidiary;
- (6) repurchases of Capital Stock deemed to occur upon the exercise of stock options if such Capital Stock represents a portion of the exercise price thereof;
- (7) payments made under a Staged Acquisition Agreement to acquire the Capital Stock of a Person **provided that**, such Person becomes a Restricted Subsidiary on or before the last date in the period stipulated in such Staged Acquisition Agreement for which the purchase price can be made (such date not to exceed 12 months from the date the Staged Acquisition Agreement was entered into) (the "**Deadline Date**"); **provided further that**, in the event such Person does not become a Restricted Subsidiary on or before the Deadline Date, all payments previously made under this clause (7) shall be aggregated and constitute Restricted Payments made on the Deadline Date and such Restricted Payments must satisfy the other conditions under this covenant;
- (8) dividends paid to, or the purchase of the Capital Stock of any Restricted Subsidiary (as the case may be) held by, any Trust Company Investor in respect of any Indebtedness or Preferred Stock outstanding on the Original Issue Date or permitted to be Incurred under paragraph (b)(17) of the "Limitation on Indebtedness and Preferred Stock" covenant;
- (9) the declaration and payment of dividends on, or the redemption, repurchase or other acquisition of, the Common Stock of the Company by the Company in an aggregate amount not to exceed 20.0% of profit for the year based on the consolidated financial statements of the Company for the immediately prior fiscal year;
- (10) the purchase by the Company or a Restricted Subsidiary of Capital Stock of any Restricted Subsidiary that is not Wholly Owned, directly or indirectly, by the Company from an Independent Third Party pursuant to an agreement entered into between/among the Company or any Restricted Subsidiary and such Independent Third Party solely for the purpose of acquiring real property or land use rights, **provided that** (x) such purchase occurs within 12 months after Restricted Subsidiary acquires the real property or land use rights it was formed to acquire and (y) the Company delivers to the Trustee a Board Resolution set forth in an Officers' Certificate confirming that, in the opinion of the Board of Directors, the purchase price of such Capital Stock is at least equal to the Fair Market Value of such Capital Stock;
- (11) the distributions or payments of Securitization Fees in connection with Receivable Financing permitted under the Indenture;
- (12) (A) the repurchase, redemption or other acquisition or retirement for value of the Capital Stock of the Company or any Restricted Subsidiary (directly or indirectly, including through any trustee, agent or nominee) in connection with an employee benefit plan, and any corresponding Investment by the Company or any Restricted Subsidiary in any trust or similar arrangements to the extent of such repurchased, redeemed, acquired or retired Capital Stock, or (B) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Company or any Restricted Subsidiary held by an employee benefit plan of the Company or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Company or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); **provided that** the aggregate consideration paid for all such repurchased, redeemed, acquired or retired Capital Stock for any fiscal year shall not exceed US\$3.0 million (or the Dollar Equivalent thereof using the Original Issue Date as the date of determination); or
- (13) the payment of any dividend or distribution payable or paid solely in Capital Stock (other than Disqualified Stock or Preferred Stock) of any Unrestricted Subsidiary or in options, warrants or other rights to acquire shares of such Capital Stock;

provided that, in the case of clause (2), (3), (4) or (9) of this paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities (other than any Restricted Payment set forth in clauses (5) through (13) above) must be based upon an opinion or appraisal issued by an Independent Financial Advisor if the Fair Market Value exceeds US\$20.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment (other than any Restricted Payments set forth in clause (5) through (13) above) in an amount in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Company will deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this covenant under the caption "Limitation on Restricted Payments" were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien on any Specified Assets (other than any existing Lien as of the Original Issue Date or any Specified Asset Permitted Liens).

The Company will not, and will not permit any of its Restricted Subsidiaries to directly or indirectly incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired (other than the Specified Assets), except Permitted Liens, unless the Notes are equally and ratably secured by such Lien.

In the event that one or more Liens (and documents relating thereto) are to be established or maintained to effect equal and ratable security arrangements in respect of the Notes (as contemplated under the preceding paragraph) with regards to Indebtedness proposed to be or previously Incurred by the Company or any Subsidiary Guarantor in compliance with the terms of the Indenture, the Company may instruct the Trustee to directly, or through its Affiliates (in its capacity as Trustee or that of a collateral agent on such terms as it shall require) and without the consent of any Holders, (a) enter into one or more intercreditor agreements, pledge agreements, collateral and security agreements or other arrangements intended to effect the shared security arrangements contemplated by this paragraph among holders of such Indebtedness and (b) complete or facilitate the completion by itself or other parties of filings, registrations or other actions necessary to effect or perfect the relevant Liens or related arrangements.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (1) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (a) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;
 - (b) pay any Indebtedness or other obligations owed to the Company or any other Restricted Subsidiary;
 - (c) make loans or advances to the Company or any other Restricted Subsidiary; or
 - (d) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary;

provided that for the avoidance of doubt the following shall not be deemed to constitute such an encumbrance or restriction: (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in

documentation governing Indebtedness requiring transactions between or among the Company and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis.

- (2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:
- (a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the JV Subsidiary Guarantees, the Indenture, Pari Passu Guarantee or any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor Guaranteed by any Pari Passu Guarantee, or in any extensions, refinancings, renewals, supplements, amendments or replacements of any of the foregoing agreements; **provided that** the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (b) existing under or by reason of applicable law, rule, regulation or order;
 - (c) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; **provided that** the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to, any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture, or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;
 - (e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the "Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries", "Limitation on Indebtedness and Preferred Stock," ~~and~~ "Limitation on Asset Sales" and "Mandatory Redemption Upon Specified Asset Sales" covenants; or
 - (f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness or issuance of Preferred Stock permitted under the "Limitation on Indebtedness and Preferred Stock" covenant if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make required payment on the Notes and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; **provided that** the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

- (1) to the Company or a Wholly Owned Restricted Subsidiary, or in the case of a Restricted Subsidiary that is not Wholly Owned, pro rata to its shareholders or incorporators or on a basis more favorable to the Company and the Restricted Subsidiaries;
- (2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;
- (3) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "Limitation on Restricted Payments" covenant if made on the date of such issuance or sale and **provided that** the Company complies with the "Limitation on Asset Sales" covenant; or
- (4) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); **provided that** the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "Limitation on Asset Sales" covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor or a JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness ("**Guaranteed Indebtedness**") of the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor, unless (1) (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee (in the case of a Subsidiary Guarantor) or JV Subsidiary Guarantee (in the case of a JV Subsidiary Guarantor) of payment of the Notes by such Restricted Subsidiary; and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, until the Notes have been paid in full, or (2) such Guarantee is permitted by clause (b)(3), (b)(4), (b)(13)(ii) (in the case of clause (b)(13)(ii), other than a Guarantee by a PRC Restricted Subsidiary of the Indebtedness of a non-PRC Restricted Subsidiary or (b)(16) (in the case of clause (b)(16), with respect to the Guarantee provided by the Company or any Restricted Subsidiary through the pledge of cash deposits, bank accounts or other assets to secure (or the use of any Guarantee, letter of credit or similar instrument to Guarantee) any Bank Deposit Secured Indebtedness), under the caption "Limitation on Indebtedness and Preferred Stock".

If the Guaranteed Indebtedness (A) ranks pari passu in right of payment with the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank pari passu in right of payment with, or subordinated to, the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, or (B) is subordinated in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Subsidiary Guarantee or the JV Subsidiary Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes, the Subsidiary Guarantee or the JV Subsidiary Guarantee.

The Company will not permit any JV Subsidiary Guarantor, directly or indirectly, to Guarantee any Indebtedness of the Company or any other Restricted Subsidiary unless the aggregate claims of the creditor under such Guarantee will be limited to the applicable JV Entitlement Amount. If any JV Subsidiary Guarantor Guarantees any Indebtedness of the Company or any other Restricted Subsidiary where the aggregate claims of the creditor under such Guarantee exceeds the applicable JV Entitlement Amount, such JV Subsidiary Guarantee shall be replaced with a Subsidiary Guarantee given by a Subsidiary Guarantor.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; **provided that** the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

- (1) the Company or any Restricted Subsidiary, as the case may be, could have (a) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described above under "Limitation on Indebtedness and Preferred Stock" and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption "Limitation on Liens", in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;
- (2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and
- (3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company or such Restricted Subsidiary applies the proceeds of such transaction in compliance with, the covenant described below under the caption "Limitation on Asset Sales".

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

- (1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;
- (2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and
- (3) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; **provided that**, in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving an aggregate consideration with a Fair Market Value in excess of US\$20.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an Independent Financial Advisor. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation, set-off or similar agreement that releases the Company or such Restricted Subsidiary from further liability; and
 - (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or any Restricted Subsidiary) may apply such Net Cash Proceeds to:

- (1) permanently repay Senior Indebtedness of the Company or a Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Company or a Restricted Subsidiary; or
- (2) acquire Replacement Assets.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) and (2) in the immediately preceding paragraph will constitute "Excess Proceeds".

Excess Proceeds of less than US\$10.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When the aggregate amount of Excess Proceeds exceeds US\$10.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

- (1) accumulated Excess Proceeds, multiplied by
- (2) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all pari passu Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest US\$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If a purchase of the Notes under this "Limitation on Asset Sales" covenant occurs before the 12th Month Anniversary Date, the Company shall pay in cash accrued and unpaid interest (including the PIK Interest) on the Notes being purchased from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) to (but excluding) such purchase date.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other pari passu Indebtedness) tendered in such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes (and such other pari passu Indebtedness) to be purchased on a pro rata basis will be selected in the manner set out under "Optional Redemption". Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Mandatory Redemption Upon Specified Asset Sales

Upon consummation of any Specified Asset Sale, the Company shall, within 60 days (such 60-day period, the "Allocation Period") from and including:

(A) the later of (x) the date of consummation of such Specified Asset Sale and (y) the date when the aggregate Net Consideration of all Specified Asset Sales consummated between the period from (and including) the Original Issue Date to (and including) such date has reached RMB350.0 million (such date, the "First Trigger Date"), allocate, or procure the allocation of 50% of the Net Consideration derived from all Specified Asset Sales consummated between the period from (and including) the Original Issue Date to (and including) the First Trigger Date (the "First Allocation Amount") as follows, and

(B) the later of (x) the date of consummation of such Specified Asset Sale and (y) the date when the aggregate Net Consideration of all Specified Asset Sales consummated between the period from (and including) the First Trigger Date to (and including) such date has reached RMB50.0 million (such date, a "Subsequent Trigger Date"), allocate, or procure the allocation of 50% of the Net Consideration derived from all Specified Asset Sales consummated between the period from (and including) the First Trigger Date to (and including) such Subsequent Trigger Date (a "Subsequent Allocation Amount" and, together with the First Allocation Amount and all other Subsequent Allocation Amounts, each an "Allocation Amount") as follows:

- (i) apply all such Allocation Amount to (X) redeem the Notes at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus the accrued and unpaid interest on such Notes to (but excluding) the redemption date, provided that the Company shall not be required to apply any Allocation Amount pursuant to this sub-clause (i)(X) if and to the extent the Company has already redeemed or repurchased 11% of the Issue Amount pursuant to this sub-clause (i)(X) and the captions "Mandatory Redemption," "Optional Redemption," "Repurchase of Notes upon a Change of Control," "Redemption for Taxation Reasons" and "Limitation on Asset Sales," and/or (Y) pay the principal of, premium, if any, and interest on the Notes, in each case that has become due and payable within the Allocation Period; and

(ii) to the extent there is any Allocation Amount remaining after taking into account such redemption and payments pursuant to sub-clause (i), repurchase the Notes through tender offers or open market repurchases or otherwise redeem the Notes in accordance with the terms of the Indenture,

provided, however, that the foregoing allocation shall be made on a pro rata basis based on the principal amount of Notes and such other pari passu Indebtedness subject to a covenant substantially similar to this "Mandatory Redemption Upon Specified Asset Sales" covenant.

Upon allocation in full of a Subsequent Allocation Amount pursuant to clause (B) of the preceding paragraph, the accumulated Net Consideration derived from all Specified Asset Sales consummated between the period from (and excluding) the First Trigger Date to (and including) the corresponding Subsequent Trigger Date shall be reset at zero. Specified Asset Sales consummated after a Subsequent Trigger Date shall continue to comply with clause (B) of the preceding paragraph, namely the Net Consideration derived from Specified Asset Sales consummated after a Subsequent Trigger Date shall be accumulated and shall be applied in accordance with clause (B) of the preceding paragraph once such accumulated Net Consideration reaches RMB50.0 million.

The Company will give not less than 15 days' nor more than 60 days' notice of any redemption pursuant to sub-clause (i)(X) of this "Mandatory Redemption Upon Specified Asset Sales" covenant to the Holders and the Trustee. If less than all of the Notes are to be redeemed, the Notes will be selected for redemption as follows:

- (1) if the Notes are listed on any securities exchange, in compliance with the requirements of the principal securities exchange on which the Notes are then listed (if any), and/or any applicable requirements of the clearing systems through which the Notes are held; or
- (2) if the Notes are not listed on any securities exchange and are not held through the clearing systems, on a pro rata basis, or by such other method selected by the Trustee in its sole and absolute discretion, unless otherwise required by law.

A Note of US\$150,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. With respect to any certificated Note, a Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

If a redemption of the Notes pursuant to sub-clause (i)(X) of this "Mandatory Redemption Upon Specified Asset Sales" covenant occurs before the 12th Month Anniversary Date, the Company shall pay in cash accrued and unpaid interest (including the PIK Interest) on the Notes being purchased from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) to (but excluding) such redemption date.

None of the Trustee nor the Agents shall be obliged to monitor the occurrence of a Specified Asset Sale and/or the Allocation Amount and/or the Net Consideration amount and/or the Company's compliance with this provision including but not limited to the use of Allocation Amounts towards any redemption or repurchase of the Notes, the payment of premium or interest on the Notes, repurchase of the Notes through tender offers, open market repurchases or other manners in accordance with the terms of the Indenture.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10.0% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an "**Affiliate Transaction**"), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's-length transaction by the Company or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Company; and

- (2) the Company delivers to the Trustee:
- (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion as to the fairness to the Company or the relevant Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an Independent Financial Advisor.

The foregoing limitation does not limit, and shall not apply to:

- (1) the payment of reasonable and customary regular fees and other compensation for the service as board members to directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;
- (2) transactions between or among the Company and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;
- (3) any Restricted Payment of the type described in clause (1) or (2) of the first paragraph of the covenant described above under the caption "Limitation on Restricted Payments" if permitted by that covenant;
- (4) any sale of Capital Stock (other than Disqualified Stock) of the Company;
- (5) the payment of compensation to employees, officers and directors of the Company or any Restricted Subsidiary pursuant to an employee stock or share option scheme, so long as such scheme has been approved by the Board of Directors and is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), which as of the Original Issue Date require a majority shareholder approval of any such scheme;
- (6) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Company or any Restricted Subsidiary with directors, officers, employees and consultants in the ordinary course of business and the payment of compensation pursuant thereto;
- (7) any sale of real property by the Company or a Restricted Subsidiary in the ordinary course of business to employees, officers, directors or their respective family members at a discount from the listed price not greater than that applicable generally to all employees of the Company and its Subsidiaries with respect to such property; **provided that** (A) revenues from all such sales in any fiscal year shall not exceed 1.0% of the revenues for that year as shown in the consolidated financial statements of the Company for that period in accordance with GAAP, (B) any such discount shall not be in excess of 10.0% of the Fair Market Value of the relevant property and (C) any such sale, individually or in the aggregate (if required to be aggregated under the Listing Rules), would not require the Company to obtain approval from its shareholders (or seek a waiver from complying with such requirement) in order to comply with the Listing Rules;
- (8) subject to complying with clause (1) of the preceding paragraph, for as long as the Common Stock of the Company remains listed on The Stock Exchange of Hong Kong Limited, any Affiliate Transaction which is conducted in compliance with the applicable listing rules of The Stock Exchange of Hong Kong Limited;
- (9) any transaction between (A) the Company or any Restricted Subsidiary and (B) any entity in the Restructuring Group entered into in connection with the proposed Restructuring, including but not limited to transactions entered into for purposes of any reorganization in connection with the proposed Restructuring and the entry into, and the performance thereof, of any underwriting agreement or other transaction documents in connection with the proposed Restructuring; and

- (10) any transaction between (A) the Company or any Restricted Subsidiary and (B) any entity in the Restructuring Group entered into in the ordinary course of business, on fair and reasonable terms and disclosed in the offering document issued in connection with the proposed Restructuring, or any amendment or modification or extension or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries in any material respect than the original transaction described in the offering document issued in connection with the proposed Restructuring and in compliance with the rules of the relevant Qualified Exchange.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (other than Permitted Investments) not prohibited by the "**Limitation on Restricted Payments**" covenant, (ii) transactions pursuant to agreements in effect on the Original Issue Date and described in this exchange offering memorandum, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, and (iii) any transaction between or among the Company and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries or between or among the Company or a Restricted Subsidiary on the one hand and a Minority Joint Venture or an Unrestricted Subsidiary on the other hand; **provided that** in the case of clause (iii) (a) such transaction is entered into in the ordinary course of business and (b) none of the shareholders or partners (other than the Company or any Restricted Subsidiary) of or in such Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary is a Person described in clause (x) or (y) of the first paragraph of this covenant (other than by reason of such other shareholder or other partner being an officer or director of such Restricted Subsidiary, Minority Joint Venture or Unrestricted Subsidiary).

Limitation on the Company's Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; **provided, however, that** the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited when made by the covenant under the caption "Limitation on Restricted Payments".

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary (except for any Restricted Subsidiary that directly owns any Specified Asset) to be an Unrestricted Subsidiary; **provided that** (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) neither the Company nor any Restricted Subsidiary provides credit support for the Indebtedness of such Restricted Subsidiary; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company or any other Restricted Subsidiary as a result of such designation; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary, or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under the caption "Limitation on Indebtedness and Preferred Stock" or such Lien would violate the covenant described under the caption "Limitation on Liens"; (5) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; and (6) the Investment deemed to have been made thereby in such newly designated Unrestricted Subsidiary and each other newly designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under "Limitation on Restricted Payments".

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; **provided that** (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation, (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption "Limitation on Indebtedness and Preferred Stock". (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under the caption "Limitation on

Liens", (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary), and (5) if such Restricted Subsidiary is not a Non-Guarantor Subsidiary, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor or, if it is permitted to do so under the Indenture, a JV Subsidiary Guarantor.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (i) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses, (ii) preserve and maintain good and valid title to its properties and assets (including land use rights) free and clear of any Liens other than Permitted Liens and (iii) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (A) the business, results of operations or prospects of the Company and its Restricted Subsidiaries taken as a whole or (B) the ability of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee, the relevant JV Subsidiary Guarantee or the Indenture.

Anti-layering

The Company will not Incur, and will not permit any Subsidiary Guarantor or JV Subsidiary Guarantor to incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company, such Subsidiary Guarantor or such JV Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes, the applicable Subsidiary Guarantee or the applicable JV Subsidiary Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Use of Proceeds

~~The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than (1) as specified under the caption "Use of Proceeds" in this offering memorandum and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.~~

Suspension of Certain Covenants

~~If, on any date following the date of the Indenture, the Notes have a rating of Investment Grade from the Rating Agency and no Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from the Rating Agency, the provisions of the Indenture summarized under the following captions will be suspended:~~

- ~~(1) "Limitation on Indebtedness and Preferred Stock";~~
- ~~(2) "Limitation on Restricted Payments";~~
- ~~(3) "Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";~~
- ~~(4) "Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries";~~
- ~~(5) "Limitation on Issuances of Guarantees by Restricted Subsidiaries";~~
- ~~(6) "Limitation on Transactions with Shareholders and Affiliates";~~
- ~~(7) "Limitation on the Company's Business Activities";~~
- ~~(8) "Limitation on Sale and Leaseback Transactions";~~
- ~~(9) "Limitation on Asset Sales";~~

(10) ~~clauses (3), (4) and (5)(x) of the first and second paragraphs of "Consolidation, Merger and Sale of Assets"; and~~

(11) ~~clause 2(a) of "Provision of Financial Statements and Reports".~~

~~During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant summarized under the caption "Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries" or the definition of "Unrestricted Subsidiary".~~

~~Such covenants will be reinstated and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant summarized under "Certain Covenants—Limitation on Restricted Payments" will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.~~

~~There can be no assurance that the Notes will ever achieve a rating of Investment Grade or that any such rating will be maintained.~~

Provision of Financial Statements and Reports

- (1) So long as any of the Notes remain outstanding, the Company will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Company's common shares are at any time listed for trading, true and correct copies of any financial report in the English language filed with such exchange; **provided that** if at any time the Common Stock of the Company ceases to be listed for trading on a recognized stock exchange, the Company will file with the Trustee and furnish to the Holders:
 - (a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally-recognized firm of independent accountants;
 - (b) as soon as they are available, but in any event within 45 calendar days after the end of the second financial quarter of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of an internationally-recognized firm of independent accountants; and
 - (c) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third financial quarters of the Company, copies of its unaudited financial statements (on a consolidated basis and in the English language), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.
- (2) In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (a) within 120 days after the close of each fiscal year ending after the Original Issue Date, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the most recent fiscal year and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation, **provided that** the Company shall not be required to provide such auditor certification if its external auditors refuse to provide such certification as a result of a policy of such external auditors not

to provide such certification; and (b) as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default or an Event of Default, an Officers' Certificate setting forth the details of the Default or an Event of Default, and the action which the Company proposes to take with respect thereto.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

- (a) default in the payment of principal of (or premium, if any, on) the Notes (including the amounts payable under "— Mandatory Redemption") when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (c) default in the performance or breach of the provisions of the covenants described under "— Consolidation, Merger and Sale of Assets," the failure by the Company to make or consummate an Offer to Purchase in the manner described under the captions "— Repurchase of Notes upon a Change of Control" ~~Triggering Event~~ or "— Limitation on Asset Sales" or "— Mandatory Redemption Upon Specified Asset Sales";
- (d) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;
- (e) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$~~130.0~~30.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (A) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (B) the failure to make a principal payment when due; provided, however, that such Indebtedness shall not include (x) the Excluded Indebtedness and/or (y) any Indebtedness with respect to which any default or event of default occurs as a result of any default or event of default under the Excluded Indebtedness;
- (f) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$~~130.0~~30.0 million (or the Dollar Equivalent thereof) (in excess of amounts which the Company's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect; provided, however, that such final judgments or orders for the payment of money shall not include any which is in relation to (x) the Excluded Indebtedness and/or (y) any Indebtedness with respect to which any default or event of default occurs as a result of any default or event of default under the Excluded Indebtedness;
- (g) an involuntary case or other proceeding is commenced against the Company or any Significant Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary or for any substantial part of the property and assets of the Company or any Significant Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (h) the Company or any Significant Restricted Subsidiary (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) other than in connection with a solvent liquidation or reorganization, consents to the appointment of or taking possession by a receiver, liquidator,

assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Restricted Subsidiary or for all or substantially all of the property and assets of the Company or any Significant Restricted Subsidiary or (iii) effects any general assignment for the benefit of creditors; or

- (i) any Subsidiary Guarantor or JV Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or JV Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee or JV Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders shall, subject to receiving indemnity and/or security and/or prefunding to its satisfaction, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (g) or (h) above occurs with respect to the Company or any Significant Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes by written notice to the Company and to the Trustee may on behalf of the Holders of Notes waive all past ~~Defaults or Events of Default~~ and rescind and annul a declaration of acceleration and its consequences (other than any past Default or Event of Default in respect of the payment of the principal of, premium, if any, and interest on the Notes, which may only be waived, and a declaration of acceleration and its consequences with respect to which may only be rescinded and annulled, with the consent of the Holders of at least 66% in principal amount of the outstanding Notes) if (x) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived and (y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction. Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default with respect to the Notes occurs and is continuing, the Trustee may but will not be obligated to pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that is unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. The Trustee shall not be required to expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification and/or security is assured to it.

A Holder of Notes may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee indemnity and/or security satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;

- (4) the Trustee does not comply with the request within 60 days after receipt of the written request and the offer of indemnity and/or security and/or prefunding satisfactory to it; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of ~~the Holder~~ holders of not less than 66% in principal amount of the Notes then outstanding, in accordance with the section entitled "Amendments and Waiver."

If the Notes have been declared to become due and payable in accordance with the terms of the Indenture on a date that occurs before the 12th Month Anniversary Date, interest (including the PIK Interest) on the Notes will be deemed to have accrued from (and including) the last PIK Interest Payment Date (or Original Issue Date, if none) in cash at 7.0% per annum, as determined and calculated in accordance with the section entitled "Brief Description of the Notes — Interest" above.

Officers of the Company must certify, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under the Indenture and that the Company has fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee of any default or defaults in the performance of any covenants or agreements under the Indenture. See "Provision of Financial Statements and Reports".

None of the Trustee or any Agent is obligated to do anything to ascertain whether any Event of Default or Default has occurred or is continuing and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so. Each of the Trustee and the Agents may assume that no such event has occurred and that the Company and the Subsidiary Guarantors are performing all of their obligations under the Indenture and the Notes unless the Trustee or the Agent, as the case may be, has received written notice of the occurrence of such event or facts establishing that a Default or an Event of Default has occurred or that the Company and the Subsidiary Guarantors are not performing all of their obligations under the Indenture and/or the Notes.

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

- (1) the Company shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Company is consolidated or merged, or that acquired or leased such property and assets (the "**Surviving Person**") shall be a corporation incorporated and validly existing under the laws of the Cayman Islands, Hong Kong, Bermuda or the British Virgin Islands and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis the Company or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the proviso in first paragraph of the covenant under the caption "Limitation on Indebtedness and Preferred Stock";

- (5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4) of this paragraph) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; 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 the caption "Consolidation, Merger and Sale of Assets," shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee or JV Subsidiary Guarantee, as applicable, shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture; and
- ~~(7) no Rating Decline shall have occurred.~~

No Subsidiary Guarantor or JV Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor or in the case of a JV Subsidiary Guarantor, other than to another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor), unless:

- (1) such Subsidiary Guarantor or JV Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or with or into which the Company is consolidated or merged, or that acquired or leased such property and assets shall be the Company, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction (or, in the case of a JV Subsidiary Guarantor, another JV Subsidiary Guarantor, the Company or a Subsidiary Guarantor); and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor or JV Subsidiary Guarantor under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis, the Company could Incur at least US\$1.00 of Indebtedness under the proviso in first paragraph of the covenant under the caption "Limitation on Indebtedness and Preferred Stock"; and
- (5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4) of this paragraph) and (y) Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and
- ~~(6) no Rating Decline shall have occurred;~~

provided that this paragraph shall not apply to any sale or other disposition that complies with the "Limitation on Asset Sales" or "Mandatory Redemption Upon Specified Asset Sales" covenant or any Subsidiary Guarantor or JV Subsidiary Guarantor whose Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, is unconditionally released in accordance with the provisions described under "The Subsidiary Guarantees Release of the Subsidiary Guarantees and JV Subsidiary Guarantees."

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a

degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing requirements shall not apply to a consolidation or merger of any Subsidiary Guarantor or JV Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor or JV Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor or JV Subsidiary Guarantor survives such consolidation or merger.

The foregoing provisions would not necessarily afford holders of the Notes protection in the event of highly leveraged or other transactions involving the Company or any Subsidiary Guarantor or JV Subsidiary Guarantor that may adversely affect holders of the Notes.

No Payments for Consents

The Company will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of any Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders of the Notes that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes in connection with an exchange or tender offer, the Company and any Restricted Subsidiary may exclude (i) Holders or beneficial owners of the Notes that are not institutional "accredited investors" as defined in Rule 501 under the Securities Act, (ii) Holders or beneficial owners of the Notes that are located or resident in the United States or are "U.S. Persons" as defined in Regulation S under the Securities Act, and (iii) Holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such Holders or beneficial owners would require the Company or any Restricted Subsidiary to comply with the registration requirements or other similar requirements under any securities laws of such jurisdiction, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, Holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

- (A) the Company (a) has deposited with the Trustee (or its agent), in trust, money, U.S. Government Obligations or any combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally-recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture;
- (B) the Company has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law, and

- (C) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound.

In the case of either discharge or defeasance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that (i) the provisions of the Indenture will no longer be in effect with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph and clauses (3), (4), (5)(x) and (6) under the second paragraph under "Consolidation, Merger and Sale of Assets" and all the covenants described herein under "Certain Covenants," other than as described under "~~—~~ Certain Covenants ~~—~~ Government Approvals and Licenses; Compliance with Law" and "~~—~~ Certain Covenants ~~—~~ Anti-Layering," and (ii) clause (c) under "Events of Default" with respect to such clauses (3), (4), (5)(x) and (7) under the first paragraph and such clauses (3), (4), (5)(x) and (6) under the second paragraph under "Consolidation, Merger and Sale of Assets," and with respect to such other events set forth in such clause (i) above, clause (d) under "Events of Default" with respect to such other covenants set forth in clause (i) above and clauses (e) and under "Events of Default" shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or its agent), in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, and the satisfaction of the provisions described in clause (B) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event that the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee (or its agents) will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Company will remain liable for such payments.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to the Notes issued thereunder, when:

- (1) either:
- (a) all Notes theretofore authenticated and delivered, except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust, have been delivered to the Paying Agent for cancellation; or
 - (b) all Notes not theretofore delivered to such Paying Agent for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, will become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company and the Company or any Subsidiary Guarantor has irrevocably deposited or caused to be deposited with such Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest to pay and discharge the entire indebtedness on Notes not theretofore delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

- (2) no Default or Event of Default (other than that resulting from borrowing funds to be applied to make such deposit) with respect to the Indenture or the Notes issued thereunder shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under any other material agreement or instrument (other than the Indenture) to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound;
- (3) the Company has paid or caused to be paid all sums payable by it under the Indenture; and
- (4) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees (if any) may be amended, without the consent of any Holder, to:

- (1) cure any ambiguity, defect, omission or inconsistency in the Indenture or the Notes;
- (2) comply with the provisions described under "Consolidation, Merger and Sale of Assets";
- (3) evidence and provide for the acceptance of appointment by a successor Trustee;
- (4) add any Subsidiary Guarantor or JV Subsidiary Guarantor, or any Subsidiary Guarantee or JV Subsidiary Guarantee, or release any Subsidiary Guarantor or JV Subsidiary Guarantor from any Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, as provided or permitted by the terms of the Indenture;
- (5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (6) provide collateral, add additional collateral to secure the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee or enter into any intercreditor agreement in accordance with the Indenture;
- (7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (8) effect any change to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream or any applicable securities depository;
- (9) make any other change that does not materially and adversely affect the rights of any Holder; or
- (10) conform the text of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees to any provision of this "Description of the New Notes" to the extent that such provision in this "Description of the New Notes" was intended to be a verbatim recitation of a provision in the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees.

Amendments with Consent of Holders

The Indenture, the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees (if any) may be amended with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in aggregate principal amount of the outstanding Notes may waive any default (subject to the applicable requirements set out in "Events of Default") or future compliance by the Company, the Subsidiary Guarantors or the JV Subsidiary Guarantors with any provision of the Indenture, the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees; **provided, however, that** no such modification—~~or,~~

amendment or waiver may, without the consent of ~~each~~ the Holders ~~affected thereby~~ of not less than 66% in aggregate principal amount of the Notes then outstanding:

- (1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (2) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (3) change the place, currency or time of payment of principal of, or premium, if any, or interest on, any Note;
- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note, any Subsidiary Guarantee or any JV Subsidiary Guarantee;
- (5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, or premium, if any, or interest on the Notes;
- (7) release any Subsidiary Guarantor or JV Subsidiary Guarantor from its Subsidiary Guarantee or JV Subsidiary Guarantee, as the case may be, except as provided in the Indenture;
- (8) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (9) amend, change or modify any Subsidiary Guarantee or JV Subsidiary Guarantee in a manner that adversely affects the Holders, except in accordance with the other provisions of the Indenture;
- (10) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale, ~~or~~ change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale must be made or by which the Notes may be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale, whether through an amendment or waiver of the provision in the covenants, definitions or otherwise, unless such amendment, waiver or modification shall be in effect prior to the occurrence of a Change of Control ~~Triggering Event~~ or the event giving rise to the repurchase of the Notes under "Certain Covenants Limitation on Asset Sales";
- (11) change the redemption date or the redemption price of the Notes from that stated under the captions "Optional Redemption" or "Redemption for Taxation Reasons"; or the redemption date, redemption price or the redemption amount under the caption "Mandatory Redemption" and sub-clause (i)(X) of "Mandatory Redemption Upon Specified Asset Sale" or the redemption/repurchase date or the redemption/repurchase amount under sub-clauses (i)(Y) and (ii) of "Mandatory Redemption Upon Specified Asset Sale";
- (12) amend, change or modify the obligation of the Company or any Subsidiary Guarantor or any JV Subsidiary Guarantor to pay Additional Amounts; or
- (13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company, any of the Subsidiary Guarantors or any of the JV Subsidiary Guarantors in the Indenture, or in any of the Notes, the Subsidiary Guarantees or the JV Subsidiary Guarantees, or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Company, any of the Subsidiary Guarantors or JV Subsidiary Guarantors, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes, the Subsidiary Guarantees and the JV Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under U.S. federal securities laws.

Concerning the Trustee and the Agents

~~Citicorp International~~ China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) is to be appointed as Trustee under the Indenture ~~and Citibank, N.A., London Branch, a banking corporation organized and existing under the laws of the State of New York with limited liability, is to be appointed,~~ as registrar (the "**Registrar**"), as paying agent (the "**Paying Agent**") and transfer agent (the "**Transfer Agent**," and together with the Registrar and the Paying Agent, the "**Agents**") with regard to the Notes. Except during the continuance of an Event of Default, the Trustee ~~will not be liable, except for the~~ needs only performance of such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company or any of the Subsidiary Guarantors or JV Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee and the Agents are permitted to engage in other transactions, including normal banking and trustee relationships, with the Company and its Affiliates; **provided, however, that** if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee will not be under any obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders, unless the requisite number of Holders have provided written instructions to the Trustee and offered to the Trustee indemnity and/or security and/or prefunding satisfactory to the Trustee against any loss, liability or expense.

The Trustee may have interest in or may be providing or may in the future provide financial or other services to other parties.

The Trustee shall not be deemed or implied to have any duties or obligations under any documents to which it is a party. Furthermore, the Trustee shall not be deemed to have knowledge of an Event of Default or Default unless it has been notified in writing of such an Event of Default or Default thereof.

The Trustee and the Agents are entitled to conclusively rely, without liability, on any Officers' Certificate regarding whether or not a Default or an Event of Default has occurred and is continuing. Under the Indenture, the Trustee is entitled to be indemnified and/or secured and relieved from liability or responsibility in certain circumstances and will be paid its fees, costs, expenses and indemnity payment in priority to the claims of the Holders

Each Holder, by accepting the Notes will agree, for the benefit of the Trustee and Agents, that it is solely responsible for its own independent appraisal of, and investigation into, all risks arising under or in connection with the Notes and has not relied on and will not at any time rely on the Trustee or the Agents in respect of such risks.

Book Entry; Delivery and Form

The Notes will be represented by a global note in registered form without interest coupons attached (the "**Initial Global Note**"). On the Original Issue Date, the Initial Global Note will be deposited with a common depository and registered in the name of the common depository or its nominee for the accounts of Euroclear and Clearstream.

Any Additional Notes will be represented by additional global notes in registered form without interest coupons attached (the "**Additional Global Notes**" and, together with the Initial Global Note, the "**Global Notes**").

Global Notes

Ownership of beneficial interests in the Global Notes (the "**book-entry interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under " Certificated Notes", the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Notes for all purposes under the Indenture and "holders" of book-entry interests will not be considered the owners or "Holders" of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any), the Trustee or any of their respective agents (including the Agents) will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and Additional Amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under " Additional Amounts".

Under the terms of the Indenture, the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor, the Trustee and the Agents will treat the registered holder of the Global Notes (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- any action or failure to take action by Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, the common 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 depository, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; **provided, however, that** no book-entry interest of US\$20150,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of certificated notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Notes will be subject to the restrictions on transfer discussed under "Transfer Restrictions".

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream participants on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Company understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither

Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Subsidiary Guarantors, the JV Subsidiary Guarantors, the Trustee or any of their respective agents (including the Agents) will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Certificated Notes

If (1) the common depository or any successor to the common depository is at any time unwilling or unable to continue as a depository for the reasons described in the Indenture and a successor depository is not appointed within 90 days (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with " Events of Default" and the Company has received a written request from a Holder, the Company will issue certificated notes in registered form in exchange for the Global Notes. Upon receipt of such notice from the common depository, Euroclear, Clearstream or the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the common depository for the exchange of interests in the Global Notes for certificated notes and cause the requested certificated notes to be executed and delivered to the registrar in sufficient quantities and authenticated by the Trustee for delivery to Holders. Persons exchanging interests in a Global Notes for certificated notes will be required to provide the registrar, through the relevant clearing system, with written instruction and other information required by the Company and the registrar to complete, execute and deliver such certificated notes. In all cases, certificated notes delivered in exchange for any Global Notes or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Certificated notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier ~~or~~ by being deposited, first class postage prepaid, in the mails of the relevant jurisdiction or by email (if intended for the Company, any Subsidiary Guarantor, any JV Subsidiary Guarantor) addressed to the Company, such Subsidiary Guarantor or JV Subsidiary Guarantor or emailed to the email address at lianglina@youngogroup.com or such other email addresses that the Company, such Subsidiary Guarantor or JV Subsidiary Guarantor may advise the Trustee from time to time; (if intended for the Trustee), addressed to the Trustee at the corporate trust office of the Trustee or emailed to the email address at cta_tm@asia.ccb.com and cta_cs@asia.ccb.com; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

~~Any~~ So long as the Notes are represented by a Global Note and held in its entirety on behalf of Euroclear and/or Clearstream, there may be substituted for any other methods of delivery to Holders the delivery of the relevant notice to Euroclear and/or Clearstream and 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 to and 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, or if by email, when so sent, **provided that, no delivery failure notification is received by the sender within two hours of sending the email. However, notwithstanding the foregoing, any notice to the Trustee will be effective only upon receipt, provided that, any notice sent by email shall be deemed as received if no delivery failure notification is received by the sender within 24 hours of sending the email.**

Consent to Jurisdiction; Service of Process

The Company and each of the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will irrevocably (i) submit to the non-exclusive jurisdiction of any U.S. federal or New York State court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, any JV Subsidiary Guarantee (if any), the Indenture or any transaction contemplated thereby and (ii) designate and appoint Cogency Global Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

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

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the New Notes" for which no definition is provided.

"Acquired Indebtedness" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

~~**"Adjusted Treasury Rate"** means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities", for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after 12 October, 2023, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi annual equivalent yield in maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.~~

"Affiliate" means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, (ii) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause of this definition or (iii) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (i) or (ii). For purposes of this definition, **"control"** (including, with correlative meanings, the terms **"controlling"**, **"controlled by"** and **"under common control with"**), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

~~**"Applicable Premium"** means with respect to any Note at any redemption date, the greater of (1) 1.00% of 102.6% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of (x) 102.6% of the principal amount of the Notes on 12 October, 2023 plus (y) all required remaining scheduled interest payments due on such Note through 12 October, 2023 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (B) 102.6% of the principal amount of such Note on such redemption date.~~

"Asset Acquisition" means (1) an Investment by the Company or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Company or any of its Restricted Subsidiaries; or (2) an acquisition by the Company or any of its Restricted Subsidiaries of the property and assets of any Person other than the Company or any of its Restricted Subsidiaries that constitute substantially all of a division or line of business of such Person.

"Asset Disposition" means the sale or other disposition by the Company or any of its Restricted Subsidiaries (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary or (2) all or substantially all of the assets that constitute a division or line of business of the Company or any of its Restricted Subsidiaries.

"Asset Sale" means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale or issuance of Capital Stock of a

Restricted Subsidiary or sale of Capital Stock of any other Subsidiary) in one transaction or a series of related transactions by the Company or any of its Restricted Subsidiaries to any Person; **provided, that** "Asset Sale" shall not include:

- (a) sales, transfers or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;
- (b) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the "Limitation on Restricted Payments" covenant;
- (c) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$1.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;
- (d) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries;
- (e) any, transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;
- (f) a transaction covered by the covenant under the caption "Consolidation, Merger and Sale of Assets"; ~~and~~
- (g) any sale, transfer or other disposition by the Company or any of its Restricted Subsidiaries, including the sale or issuance by the Company or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Company or any Restricted Subsidiary; ~~and~~
- (h) any Specified Asset Sale.

"Attributable Indebtedness" means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction, including any period for which such lease has been extended.

"Average Life" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness; and (b) the amount of such principal payment; and by (2) the sum of all such principal payments.

"Bank Deposit Secured Indebtedness" means Indebtedness of the Company or any Restricted Subsidiary that is (i) secured by cash deposits, bank accounts or other assets of the Company or a Restricted Subsidiary and/or (ii) guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Company or a Restricted Subsidiary and is used by the Company and its Restricted Subsidiaries to in effect exchange foreign currencies or remit money onshore or offshore.

"Board of Directors" means the board of directors elected or appointed by the ~~stock~~shareholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

"Board Resolution" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

"Business Day" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

"**Capitalized Lease**" means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person, **provided that** Capitalized Lease shall not include any lease which would have been classified as an "**operating lease**" before the adoption of GAAP 16.

"**Capitalized Lease Obligations**" means the discounted present value of the rental obligations under a Capitalized Lease.

"**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock but excluding debt securities convertible or exchangeable into such equity.

"**Change of Control**" means the occurrence of one or more of the following events:

- (1) the merger, amalgamation or consolidation of the Company with or into another Person (other than one or more Permitted Holders) or the merger or amalgamation of another Person (other than one or more Permitted Holders) with or into the Company, or the sale of all or substantially all the assets of the Company to another Person (other than one or more Permitted Holders);
- (2) the Permitted Holders collectively are the beneficial owners of less than 40.0% of the total voting power of the Voting Stock of the Company;
- (3) any "**person**" or "**group**" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "**beneficial owner**" (as such term is used in Rule 13d-3 under the Exchange Act), directly or indirectly, of the total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders;
- (4) individuals who on the Original Issue Date constituted the Board of Directors, together with any new directors whose election or nomination to the Board of Directors was approved by a vote of at least a majority of the directors then still in office who were either directors or whose election or nomination was previously so approved, cease for any reason to constitute a majority of the Board of Directors then in office; or
- (5) the adoption of a plan relating to the liquidation or dissolution of the Company.

"**Change of Control Triggering Event**" means the occurrence of both a Change of Control and, **provided that** the Notes are rated by at least one Rating Agency, a Rating Decline.

"**Clearstream**" means Clearstream Banking S.A.

"**Commodity Hedging Agreement**" means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

"**Common Stock**" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

"**Comparable Treasury Issue**" means the U.S. Treasury security having a comparable maturity to 12 October, 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 12 October, 2023.

"**Comparable Treasury Price**" means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is available, Reference Treasury Dealer Quotations for such redemption date.

"**Consolidated Assets**" means, with respect to any Restricted Subsidiary at any date of determination, the Company and its Restricted Subsidiaries' proportionate interest in the total consolidated assets of such Restricted Subsidiary and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent

fiscal quarter for which consolidated financial statements of the Company and its Restricted Subsidiaries (which the Company shall use its reasonable best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements).

"**Consolidated EBITDA**" means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense (including, for the avoidance of doubt, any capitalized interest included in cost of sales in conformity with GAAP),
- (2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets), and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period and other than losses on Investment Properties arising from fair value adjustments made in conformity with GAAP), less all non-cash items increasing Consolidated Net Income (other than the accrual of revenue in the ordinary course of business and gains on Investment Properties arising from fair value adjustments made in conformity with GAAP),

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with GAAP, **provided that** (i) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any of the Restricted Subsidiaries and (ii) in the case of any PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

"**Consolidated Fixed Charges**" means, for any period, the sum (without duplication) of (i) Consolidated Interest Expense for such period and (ii) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company's Capital Stock (other than Disqualified Stock) or paid to the Company or to a Wholly Owned Restricted Subsidiary.

"**Consolidated Interest Expense**" means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Company and its Restricted Subsidiaries but less the amount of interest income from Bank Deposit Secured Indebtedness, if any, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Company and its Restricted Subsidiaries, without duplication, (i) interest expense attributable to Capitalized Lease Obligations, (ii) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (iii) the interest portion of any deferred payment obligation, (iv) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (v) the net costs associated with Hedging Obligations (including the amortization of fees), (vi) interest accruing on Indebtedness of any other Person that is Guaranteed by, or secured by a Lien on any asset of, the Company or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees), only to the extent that such interest is actually paid by the Company or any Restricted Subsidiary, and (vii) any capitalized interest, **provided that** Consolidated Interest Expense shall not include (x) interest expense attributable to leases which would have been classified as "**operating leases**" before the adoption of GAAP 16 and (y) interest expense accruing on pre-sale receipts in advance from customers, and **provided further that** interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

"**Consolidated Net Income**" means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined

in conformity with GAAP; **provided that** the following items shall be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:
 - (A) subject to the exclusion contained in clause (5) below, the Company's equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and
 - (B) the Company's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;
- (2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any of its Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Company or any of its Restricted Subsidiaries;
- (3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;
- (4) the cumulative effect of a change in accounting principles;
- (5) any net after-tax gains realized on the sale or other disposition of (A) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of its business or (B) any Capital Stock of any Person (including any gains by the Company realized on sales of Capital Stock of the Company or other Restricted Subsidiaries);
- (6) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and
- (7) any net after-tax extraordinary or non-recurring gains.

provided that (A) solely for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after-tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the current book value and the cash sale price shall be added to Consolidated Net Income; (B) for purposes of calculating the Consolidated Net Income (but not for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio) any net after-tax gains derived from direct or indirect sale by the Company or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the original cost basis and the cash sale price shall be added to Consolidated Net Income to the extent not already included in the net income for such period as determined in conformity with GAAP and Consolidated Net Income and (C) solely for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after-tax gains on Investment Properties arising from fair value adjustments made in conformity with GAAP shall be added to Consolidated Net Income.

"Consolidated Net Worth" means, at any date of determination, stockholders' equity as set forth on the most recently available fiscal quarter, semi-annual or annual consolidated balance sheet (which may be an internal consolidated balance sheet) of the Company and its Restricted Subsidiaries prepared in accordance with GAAP (which the Company shall use its reasonable best efforts to compile in a timely manner), plus, to the extent not included, any Preferred Stock of the Company, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of

any promissory notes receivable from the sale of the Capital Stock of the Company or any of the Restricted Subsidiaries, each item to be determined in conformity with GAAP.

"Contractor Guarantees" means any Guarantee by the Company or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Company or such Restricted Subsidiary in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Company or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

"Credit Facilities" means one or more of the facilities or arrangements with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables or financings (including without limitation through the sale of receivables or assets to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or assets or the creation of any Liens in respect of such receivables or assets in favor of such institutions), letters of credit or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term **"Credit Facility"** shall include any agreement (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder (**provided that** such increase is permitted under the covenant described under " Certain Covenants Limitation on Indebtedness and Preferred Stock") or (4) otherwise altering the terms and conditions thereof.

"Currency Agreement" means any foreign exchange contract, currency swap agreement, currency option agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Disqualified Stock" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the date that is 183 days after the Stated Maturity of the Notes; **provided that** any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an **"asset sale"** or **"change of control"** occurring prior to the date that is 183 days after the Stated Maturity of the Notes shall not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the "Limitation on Asset Sales" and "Repurchase of Notes upon a Change of Control ~~Triggering Event~~" covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company's repurchase of such Notes as are required to be repurchased pursuant to the "Limitation on Asset Sales" and "Repurchase of Notes upon a Change of Control ~~Triggering Event~~" covenants.

"Dollar Equivalent" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

"Entrusted Loans" means borrowings by a PRC Restricted Subsidiary from a bank that are secured by a pledge of deposits made by another PRC Restricted Subsidiary to the lending bank as security for such borrowings, **provided that**, such borrowings are not reflected on the consolidated balance sheet of the Company.

"Equity Offering" means (i) any *bona fide* underwritten primary public offering or private placement of Common Stock of the Company after the Original Issue Date or (ii) any *bona fide* underwritten secondary public offering or secondary private placement of Common Stock of the Company beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a Person controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Company at the same price as the public offering or private placing price; **provided that** any offering or placing referred to in clause (i), clause (ii) or a combination of clauses (i) and (ii) result in the aggregate gross cash proceeds received by the Company being no less than US\$20.0 million (or the Dollar Equivalent thereof).

"Euroclear" means Euroclear Bank SA/NV.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended.

"Excluded Indebtedness" means any Indebtedness in respect of the May 2023 Notes and the October 2023 Notes.

"Exempted Subsidiary" means any Restricted Subsidiary organized in any jurisdiction other than the PRC that is prohibited by applicable law or regulation to provide a Subsidiary Guarantee or a JV Subsidiary Guarantee; **provided that** (x) the Company shall have failed, upon using commercially reasonable efforts, to obtain any required governmental or regulatory approval or registration with respect to such Subsidiary Guarantee or JV Subsidiary Guarantee, to the extent that such approval or registration is available under any applicable law or regulation and (y) such Restricted Subsidiary shall cease to be an Exempted Subsidiary immediately upon such prohibition ceasing to be in force or apply to such Restricted Subsidiary or upon the Company having obtained such applicable approval or registration.

"Fair Market Value" means the price that would be paid in an arm's length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution, except in the case of a determination of Fair Market Value of total assets for the purposes of determining a JV Entitlement Amount, in which case such price shall be determined by an accounting, appraisal or investment banking firm of recognized international standing appointed by the Company.

"First Redemption Amount" equals to 3% of the Issue Amount minus the aggregate principal amount of the Notes redeemed or repurchased by the Company pursuant to sub-clause (i)(X) of the first paragraph under the caption "Mandatory Redemption Upon Specified Asset Sales" and the captions "Optional Redemption," "Repurchase of Notes upon a Change of Control," "Redemption for Taxation Reasons" and "Limitation on Asset Sales" during the period from (and including) the Original Issue Date to (and including) the 18th Month Monthiversary Date.

"Fitch" means Fitch Ratings Inc. and its successors.

"Fixed Charge Coverage Ratio" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent two semi-annual periods prior to such Transaction Date for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the **"Two Semi-annual Periods"**) to (2) the aggregate Consolidated Fixed Charges during such Two Semi-annual Periods. In making the foregoing calculation:

- (A) pro forma effect shall be given to any Indebtedness or Preferred Stock Incurred, repaid or redeemed during the period (the **"Reference Period"**) commencing on and including the first day of the Two Semi-annual Periods and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement in effect on the last day of such Two Semi-annual Periods), in each case as if such Indebtedness or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; **provided that**, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness or Preferred Stock;
- (B) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such

Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

- (C) pro forma effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (D) pro forma effect shall be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (E) pro forma effect shall be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or consolidated into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (D) or (E) of this sentence requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the two semi-annual periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"GAAP" means International Financial Reporting Standards, formulated by the International Accounting Standards Board, or generally accepted accounting principles in Hong Kong, as in effect from time to time.

"Guarantee" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); **provided that** the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"Hedging Obligation" of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement.

"Holder" means the Person in whose name a Note is registered in the Note register.

"Incur" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; **provided that** (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms "Incurrence", "Incurred" and "Incuring" have meanings correlative with the foregoing.

"Indebtedness" means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

- (3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; **provided that** the amount of such Indebtedness shall be the lesser of (A) the Fair Market Value of such asset at such date of determination; and (B) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations; and
- (9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

Notwithstanding the foregoing, Indebtedness shall not include (1) any capital commitments, deferred payment obligation, pre-sale receipts in advance from customers or similar obligations Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business or (2) Entrusted Loans; **provided that** such item is not reflected on the consolidated balance sheet of the Company as borrowings or indebtedness (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected as borrowings or indebtedness on the balance sheet will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, **provided**

- (A) **that** the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP,
- (B) **that** money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "**Indebtedness**" so long as such money is held to secure the payment of such interest, and
- (C) **that** the amount of Indebtedness with respect to any Hedging Obligation shall be equal to (a) zero if Incurred pursuant to paragraph (b)(6) under the "Limitation on Indebtedness and Preferred Stock" covenant or (b) the net amount that would be payable by such Person if such Hedging Obligation were terminated at that time, if not Incurred under such covenant.

"**Independent Financial Advisor**" means an accounting, appraisal or investment banking firm of international standing, **provided that** such firm is not an Affiliate of the Company.

"**Independent Third Party**" means any Person that is not an Affiliate of the Company.

"**Interest Rate Agreement**" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

"**Investment**" means:

- (i) any direct or indirect advance, loan or other extension of credit to another Person,

- (ii) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others),
- (iii) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person, or
- (iv) any Guarantee of any obligation of another Person to the extent such obligation is outstanding and is guaranteed by such Person.

"Invest", "Investing" and "Invested" shall have corresponding meanings.

For the purposes of the provisions of the "Designation of Restricted and Unrestricted Subsidiaries" and "Limitation on Restricted Payments" covenants: (i) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Company's proportional interest in the Fair Market Value of the assets (net of the Company's proportional interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not Guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (ii) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

~~"Investment Grade" means a rating of "AAA", "AA", "A" or "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories by Fitch or any of its successors or assigns, or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Company as having been substituted for Fitch.~~

"Investment Property" means any property that is owned and held by any Restricted Subsidiary for long-term rental yield or for capital appreciation or both, or any hotel owned by the Company or any Restricted Subsidiary from which the Company or any Restricted Subsidiary derives or expects to derive operating income.

"Issue Amount" means the initial aggregate principal amount of the Notes outstanding on the Original Issue Date.

"JV Entitlement Amount" means, with respect to any JV Subsidiary Guarantor which is not a Subsidiary of another JV Subsidiary Guarantor, together with its Subsidiaries, an amount that is equal to the product of (i) the Fair Market Value of the total assets of such JV Subsidiary Guarantor and its Subsidiaries, on a consolidated basis (without deducting any Indebtedness or other liabilities of such JV Subsidiary Guarantor and its Subsidiaries) as of the date of the last fiscal year end of the Company; and (ii) a percentage equal to the direct equity ownership percentage of the Company and/or its Restricted Subsidiaries in the Capital Stock of such JV Subsidiary Guarantor and its Subsidiaries.

"JV Subsidiary Guarantee" has the meaning set forth under the caption "The Subsidiary Guarantees." "JV Subsidiary Guarantor" means a Restricted Subsidiary that executes a JV Subsidiary Guarantee.

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"Listed Subsidiaries" means any Restricted Subsidiary any class of Voting Stock of which is listed on a Qualified Exchange and any Restricted Subsidiary of a Listed Subsidiary; **provided that** such Restricted Subsidiary shall cease to be a Listed Subsidiary immediately upon, as applicable, (x) the Voting Stock of such Restricted Subsidiary ceasing to be listed on a Qualified Exchange, or (y) such Restricted Subsidiary ceasing to be a Restricted Subsidiary of a Listed Subsidiary.

"May 2023 Notes" means the 12.0% senior notes due 2023 issued by the Company pursuant to an indenture dated May 23, 2022, as amended or supplemented from time to time.

"Measurement Date" means 15 December, 2015.

"Minority Interest Staged Acquisition Agreement" means an agreement between the Company and/or any Restricted Subsidiary on the one hand and an Independent Third Party on the other (x) pursuant to which the Company and/or such Restricted Subsidiary agrees to acquire less than a majority of the Capital Stock of a Person

for a consideration that is not more than the Fair Market Value of such Capital Stock at the time the Company and/or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one instalment over a period of time.

"**Minority Joint Venture**" means any corporation, association or other business entity that is accounted for by the equity method of accounting in accordance with GAAP by the Company or a Restricted Subsidiary and primarily engaged in the Permitted Businesses, and such Minority Joint Venture's Subsidiaries.

"**Moody's**" means Moody's Investors Service and its successors.

"**Net Cash Proceeds**" means:

- (a) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:
 - (1) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;
 - (2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;
 - (3) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;
 - (4) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and
- (b) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorney's fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"**Net Consideration**" means with respect to any Specified Asset Sale, the consideration of such Specified Asset Sale received by the Company or the relevant Restricted Subsidiary, net of:

- (1) actual brokerage commissions, land and construction related cost, project design and development cost, operational cost and other necessary expenses (including fees and expenses of professional parties) related to such Specified Asset Sale;
- (2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Specified Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;
- (3) Indebtedness or any other obligation outstanding at the time of such Specified Asset Sale that either (x) is secured by a Lien on the property or assets sold under such Specified Asset Sale or (y) is required to be paid as a result of such sale; and
- (4) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Specified Asset Sale, including, without limitation, pension and other

post-employment benefit liabilities, liabilities related to environmental matters, liabilities under any indemnification obligations, land cost, project design cost and other operational cost associated with such Specified Asset Sale.

"**Non-Guarantor Subsidiaries**" means the Restricted Subsidiaries that do not provide Subsidiary Guarantees or JV Subsidiary Guarantees for the Notes.

"October 2023 Notes" means the 13.85% senior notes due 2023 issued by the Company pursuant to an indenture dated October 12, 2021, as amended or supplemented from time to time.

"**Offer to Purchase**" means an offer to purchase Notes by the Company from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee, the tender agent and each Holder at its last address appearing in the Note register stating:

- (1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;
- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "**Offer to Purchase Payment Date**");
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the tender agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the tender agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
- (7) that Holders whose Notes are being purchased only in part will be issued Notes equal in principal amount to the unpurchased portion of the Notes surrendered; **provided that** each Note purchased and each Note issued shall be in a principal amount of US\$~~20~~150,000 and integral multiples of US\$~~1,000~~1 in excess thereof.

The Company shall (a) one Business Day prior to the Offer to Purchase Payment Date accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; (b) one Business Day prior to the Offer to Purchase Payment Date deposit with the tender agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted; and (c) on the Offer to Purchase Payment Date, deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Company. The tender agent shall promptly mail to the Holders so accepted payment in an amount equal to the purchase price, and the Trustee shall as soon as reasonably practicable authenticate and mail to such Holders a Note equal in principal amount to any unpurchased portion of the Note surrendered; **provided that** each Note purchased and each Note issued shall be in a principal amount of US\$~~20~~150,000 or integral multiples of US\$~~1,000~~1 in excess thereof. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by

virtue of such compliance. The Company will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Company and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

"Officer" means one of the directors or executive officers of the Company or, in the case of a Subsidiary Guarantor or JV Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be.

"Officers' Certificate" means a certificate signed by two Officers; **provided however, that** with respect to the Officers' Certificate required to be delivered by any Subsidiary Guarantor under the Indenture, Officers' Certificate means a certificate signed by one Officer if there is only one Officer in such Subsidiary Guarantor at the time such certificate is required to be delivered.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee. The counsel may be a counsel to the Company.

"Original Issue Date" means the date on which the Notes are originally issued under the Indenture.

"Pari Passu Guarantee" means a Guarantee by the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor of Indebtedness of the Company (including Additional Notes) or any Subsidiary Guarantor or JV Subsidiary Guarantor; **provided that** (i) the Company, or such Subsidiary Guarantor or JV Subsidiary Guarantor, as the case may be, was permitted to Incur such Indebtedness under the covenant under the caption "Limitation on Indebtedness and Preferred Stock" and (ii) such Guarantee ranks pari passu with any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, or with any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be.

"Payment Default" means ~~(1) any default in the payment of interest on any Note when the same becomes due and payable, (2) any default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, (3) the failure by the Company to make or consummate a Change of Control Offer in the manner described under the caption "*Repurchase of Notes upon a Change of Control Triggering Event*", or an Offer to Purchase in the manner described under the caption "*Limitation on Asset Sales*", or (4) any Event of Default specified in clause (5) of the definition of Events of Default.~~

"Permitted Business" means any business which is the same as or related, ancillary or complementary to any of the businesses of the Company and its Restricted Subsidiaries on the Original Issue Date, which business, for avoidance of doubt, shall include (1) logistics and storage business, (2) online and traditional platforms for sales, trading and exchange of goods and services, (3) business of providing trade financing and small commercial loans to customers, online payment platform and any other internet related business, (5) financial services, (6) real estate development in residential, cultural, leisure and retirement related property projects, and (7) property management and business operation management of real estate projects.

"Permitted Holders" means any or all of the following:

- (1) China Guangdong ~~—~~ Hong Kong Greater Bay Area Holdings Limited;
- (2) any Affiliate (other than an Affiliate as defined in clause (ii) or (iii) of the definition of Affiliate) of any Person specified in clause (1); and
- (3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more of the Persons specified in clauses (1) and (2).

"Permitted Investment" means any of the following:

- (1) any Investment in the Company or a Restricted Subsidiary, directly or indirectly through one or more Restricted Subsidiaries, that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged, directly or indirectly through one or more Restricted Subsidiaries, in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Company or a Restricted Subsidiary that is primarily engaged, directly or indirectly through one or more Restricted Subsidiaries, in a Permitted Business;
- (2) Temporary Cash Investments;
- (3) payroll, travel and similar advances made in the ordinary course of business to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;
- (4) stock, obligations or securities received in satisfaction of judgments;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;
- (6) any Investment pursuant to a Hedging Obligation not for speculation and designed solely to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;
- (7) receivables owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (8) Investments made by the Company or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with the covenant under the caption "— Limitation on Asset Sales" or "— Mandatory Redemption Upon Specified Asset Sales";
- (9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "**Permitted Liens**" or made in connection with Liens permitted under the covenant described under "— Limitation on Liens";
- (10) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Company or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;
- (11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;
- (12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Company's consolidated balance sheet;
- (13) deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of business;
- (14) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers compensation claims, welfare and social benefits, property maintenance and other purposes specified by statute or regulation from time to time in the ordinary course of business;
- (15) deposits made in order to secure the performance of the Company or any Restricted Subsidiary, or prepayments made in connection with, the acquisition of real property or land use rights, personal property (including but not limited to Capital Stock) by the Company or any Restricted Subsidiary in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;

- (16) advances or prepayments to government authorities or bodies or government-affiliated entities in connection with the financing of primary land development, land clearance or land resettlement in the PRC in the ordinary course of business that are recorded as assets in the Company's balance sheet;
- (17) an acquisition of assets, Capital Stock or other securities by the Company or a Subsidiary for consideration to the extent such consideration consists solely of Common Stock of the Company;
- (18) repurchases of the Notes;
- (19) any Investment (including without limitation any deemed Investment upon the sale of Capital Stock of a Restricted Subsidiary or the designation of a Restricted Subsidiary as an Unrestricted Subsidiary) by the Company or any Restricted Subsidiary in any Person; **provided that:**
 - (i) such Investment, together with the aggregate of all other Investments made under this clause (19) since the Measurement Date, shall not exceed in aggregate an amount equal to 30% of Total Assets. Such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made under this clause (19) since the Measurement Date resulting from:
 - (A) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause (19), in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income),
 - (B) the unconditional release of a Guarantee provided by the Company or a Restricted Subsidiary after the Measurement Date under this clause (19) of an obligation of any such Person,
 - (C) to the extent that an Investment made after the Measurement Date under this clause (19) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, not to exceed, in each case, the amount of Investments made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person under this clause (19), or
 - (D) such Person becoming a Restricted Subsidiary (whereupon all Investments (other than Permitted Investments) made by the Company or any Restricted Subsidiary in such Person since the Measurement Date shall be deemed to have been made pursuant to clause (1) of this "**Permitted Investment**" definition);
 - (ii) the Person into which such Investment is made is primarily engaged in the Permitted Businesses;
 - (iii) if any of the other shareholders or partners in such Person in which such Investment was made is a Person described in clause (x) or (y) of the first paragraph of the covenant under the caption " Limitation on Transactions with Shareholders and Affiliates" (other than by reason of such shareholder or partner being an officer or director of the Company or a Restricted Subsidiary or by reason of being a Restricted Subsidiary, Unrestricted Subsidiary or Minority Joint Venture), such Investment shall comply with the requirements of the covenant set forth under " Limitation on Transactions with Shareholders and Affiliates"; and
 - (iv) no Default has occurred and is continuing or would occur as a result of such Investment.

For the avoidance of doubt, the value of each Investment made pursuant to this clause (19) shall be valued at the time such Investment is made;

- (20) Guarantees permitted by the covenant described under the caption entitled " Limitation on Indebtedness and Preferred Stock"; and
- (21) any Investment deemed to have been made by the Company or any Restricted Subsidiary in the Restructuring Group in connection with the proposed Restructuring upon designation of the Subsidiaries

in the Restructuring Group as Unrestricted Subsidiaries, **provided that** (A) (i) the Board of Directors of the Company has determined in good faith that the designation of the Subsidiaries in the Restructuring Group as Unrestricted Subsidiaries is necessary to obtain approval from a Qualified Exchange for the proposed Restructuring; and (ii) at the time of such designation, the members of the Restructuring Group remain Subsidiaries of the Company; and (B) the aggregate of all Investments made under this clause (21) since the Original Issue Date shall not exceed an amount equal to 5.0% of Total Assets (for the avoidance of doubt, any portion of such Investments exceeding 5.0% of Total Assets shall not constitute a Permitted Investment pursuant to this item but may be made, characterized and accounted for in accordance with the other provisions of the Indenture).

"**Permitted Liens**" means any of the following:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;
- (5) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;
- (6) any interest or title of a lessor in the property subject to any operating lease;
- (7) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; **provided that** such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets acquired; **provided further that** such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (8) Liens in favor of the Company or any Restricted Subsidiary;
- (9) Liens arising from the attachment or rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;
- (10) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (11) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by clause (b)(6) of the covenant described under the caption "Limitation on Indebtedness and Preferred Stock";
- (12) Liens existing on the Original Issue Date;
- (13) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (b)(5) of the covenant described under the caption entitled "Limitation on

Indebtedness and Preferred Stock"; **provided that** such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

- (14) Deposits made or liens securing Indebtedness of the Company or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee which is permitted to be Incurred under clause (b)(7) of the covenant under the caption "Limitation on Indebtedness and Preferred Stock";
- (15) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;
- (16) Liens (including extensions and renewals thereof) upon real or personal property or assets; **provided that** (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (b)(8) of the covenant under the caption entitled "Limitation on Indebtedness and Preferred Stock" and, with respect to the Indebtedness of the type described under clause (b)(8)(ii) under the caption entitled "Limitation on Indebtedness and Preferred Stock", such Lien is created prior to, at the time of or within 180 days after the acquisition or the completion of development, construction or improvement of such property or assets, or the due date of the relevant cost or payment for land clearance or resettlement, as the case may be, (b) the principal amount of the Indebtedness secured by such Lien does not exceed 100% of the cost of property or assets, subject to acquisition, development, construction or improvement, or the cost or payment for land clearance or resettlement of such property or assets, as the case may be, and (c) such Lien shall not extend to or cover any property or assets other than such item of property or assets and any improvements on such item, **provided that**, in the case of clauses (b) and (c), such Lien may cover other property or assets (instead of or in addition to such item of property or improvements) and the principal amount of Indebtedness secured by such Lien may exceed 100% of such cost or payment if (x) such Lien is incurred in the ordinary course of business and (y) the aggregate book value of property or assets (as reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated financial statements) or, if any such property or assets have been acquired since the date of such financial statements, the cost of such property or assets) subject to Liens incurred pursuant to this clause (16) does not exceed 130% of the aggregate principal amount of Indebtedness secured by such Liens;
- (17) Liens on deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (18) Liens on deposits made in order to secure the performance of the Company or any of its Restricted Subsidiaries in connection with the acquisition of real property or land use rights or personal property (including but not limited to Capital Stock) by the Company or any of its Restricted Subsidiaries in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (19) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers' compensation claims, welfare and social benefits and other purposes specified by statute or regulations in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary;
- (20) Liens on assets securing Indebtedness permitted to be Incurred under clause (b)(14) of the covenant described under the caption entitled "Limitation on Indebtedness and Preferred Stock";
- (21) Liens securing Indebtedness permitted to be Incurred by the Company or any Restricted Subsidiary under clause (b)(15) of the covenant described under " Certain Covenants Limitation on Indebtedness and Preferred Stock";
- (22) Liens Incurred on cash deposits, bank accounts or other assets made to secure Bank Deposit Secured Indebtedness of the type described under clause (b)(16) of the covenant described under " Certain Covenants Limitation on Indebtedness and Preferred Stock";

- (23) Liens on the Capital Stock of a Restricted Subsidiary granted by the Company or any Restricted Subsidiary in favor of any Trust Company Investor in respect of, and to secure, the Indebtedness permitted to be Incurred under clause (b)(17) of the covenant described under " Certain Covenants Limitation on Indebtedness and Preferred Stock";
- (24) Liens on Investment Properties securing Indebtedness of the Company or any Restricted Subsidiary permitted to be Incurred under clause (b)(18) of the covenant described under the caption " Certain Covenants Limitation on Indebtedness and Preferred Stock";
- (25) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement or Minority Interest Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (b)(19) or (b)(22) of the covenant described under " Certain Covenants Limitation on Indebtedness and Preferred Stock";
- (26) Liens Incurred on deposits made to secure Entrusted Loans;
- (27) Liens on the Capital Stock of a Minority Joint Venture or other assets owned by the Company or a Restricted Subsidiary securing its obligation to Invest in such Minority Joint Venture that is proportionate to its ownership interest in the Minority Joint Venture, **provided that**, (i) the other shareholders or partners in such Minority Joint Venture have Invested the proportionate share in such Minority Joint Venture of the Company or such Restricted Subsidiary, as the case may be, (ii) Liens incurred pursuant to this clause (27) are made in favor of the other shareholders or partners in such Minority Joint Venture, and (iii) the aggregate Fair Market Value of such Capital Stock or other assets subject to Liens incurred pursuant to this clause (27) does not exceed 6.0% of Total Assets;
- (28) Liens securing Indebtedness Incurred under clause (b)(20), (b)(21) or (b)(23) of the covenant described under " Certain Covenants Limitation on Indebtedness and Preferred Stock"; and
- (29) Liens on assets of a Non-Guarantor Subsidiary securing any Permitted Subsidiary Indebtedness of any Non-Guarantor Subsidiary permitted to be Incurred under the proviso in paragraph (1) of the covenant described under " Certain Covenants Limitation on Indebtedness and Preferred Stock."

"Permitted Subsidiary Indebtedness" means Indebtedness (other than Public Indebtedness) of, and all Preferred Stock issued by, the Non-Guarantor Subsidiaries, taken as a whole; **provided that**, on the date of the Incurrence of such Indebtedness or issuance of such Preferred Stock, as the case may be, and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness and Preferred Stock (excluding the amount of any Indebtedness of any Restricted Subsidiary permitted under clauses (b)(1), (b)(2), (b)(4), (b)(6) and (b)(7) of the covenant described under the caption " Certain Covenants Limitation on Indebtedness and Preferred Stock") does not exceed an amount equal to 30% of Total Assets.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"PRC" means the People's Republic of China, excluding, solely for purposes of this definition, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.

"PRC CJV" means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (amended on November 4, 2017 and superseded by the Foreign Investment Law of the People's Republic of China adopted on January 1, 2020) 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 (amended on November 17, 2017 and superseded by the Regulation for Implementing the Foreign Investment Law of the People's Republic of China adopted on January 1, 2020, as such laws and rules may be amended).

"PRC CJV Partner" means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Company or any Restricted Subsidiary.

"PRC Restricted Subsidiary" means a Restricted Subsidiary organized under the laws of the PRC.

"Pre-Registration Mortgage Guarantee" means any Indebtedness of the Company or any Restricted Subsidiary consisting of a guarantee in favor of any bank or other similar financial institutions in the ordinary course of business of secured loans of purchasers of individual units of properties from the Company or any Restricted Subsidiary; **provided that**, any such guarantee shall be released in full on or before the perfection of a security interest in such properties under applicable law in favor of the relevant lender.

"Preferred Stock" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Public Indebtedness" means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

"Qualified Exchange" means either (1) The New York Stock Exchange, the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the Nasdaq Stock Market, Singapore Exchange Securities Trading Limited, The Shanghai Stock Exchange or The Shenzhen Stock Exchange or (2) a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act).

"Qualified IPO" means an initial public offering, and a listing, of common shares of a company on a Qualified Exchange; **provided that** in the case that such listing is on a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act), such listing shall result in a public float of not less than the percentage required by the applicable listing rules.

"Rating Agency" means Fitch or ~~provided that if Fitch shall not make a rating of the Notes publicly available, a nationally recognized securities rating agency selected by the Company, which shall be substituted for Fitch.~~

"Rating Category" means (i) with respect to Fitch, any of the following categories: "BB", "B", "CCC", "CC", "C", or "D" (or equivalent successor categories); and (ii) the equivalent of any such category of Fitch used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for Fitch; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to Fitch, a decline in a rating from "BB+" to "BB", as well as from "BB" to "B+", will constitute a decrease of one gradation).

"Rating Date" means (i) in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (x) a Change of Control and (y) a public notice of the occurrence of a Change of Control or of the intention by the Company or any other Person or Persons to effect a Change of Control, or (ii) in connection with actions contemplated under the caption "*Consolidation, Merger and Sale of Assets*", that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

"Rating Decline" means (i) in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Company or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for possible downgrade by the Rating Agency) of any of the events listed below, or in connection with actions contemplated under the caption "*Consolidation, Merger and Sale of Assets*", the notification by the Rating Agency that such proposed actions will result in any of the events listed below:

- (a) in the event the Notes are rated by the Rating Agency on the Rating Date as Investment Grade, the rating of the Notes by the Rating Agency shall be below Investment Grade; or
- (b) in the event the Notes are rated by the Rating Agency and are rated below Investment Grade by the Rating Agency on the Rating Date, the rating of the Notes by the Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

"Receivable" means a right to receive payment arising from a sale or lease of goods or the performance of services by a Person pursuant to an arrangement which permits another Person to pay for goods or services on credit.

"Receivable Financing" means any financing transaction or series of financing transactions that have been or may be entered into by the Company or any Restricted Subsidiary pursuant to which the Company or any Restricted Subsidiary may, directly or indirectly, sell, convey or otherwise transfer to another Person, or may grant a security interest in, any of Receivables or interests therein (including without limitation, all security interests in goods financed thereby (including equipment and property), the proceeds of such Receivables, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitization or factoring transactions involving such assets) for credit or liquidity management purposes (including discounting, securitization or factoring transactions) either (i) in the ordinary course of business or (ii) by way of selling securities by such other Person that are, or are capable of being, listed on any stock exchange or in any securities market and are offered using an offering memorandum or similar offering document.

"Receivable Financing Assets" means assets that are underlying and are sold, conveyed or otherwise transferred or pledged in a Receivable Financing.

~~**"Reference Treasury Dealer"** means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Company in good faith.~~

~~**"Reference Treasury Dealer Quotations"** means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Company in good faith, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.~~

"Replacement Assets" means, on any date, property or assets of a nature or type or that are used in a Permitted Business, including the Capital Stock of any Person holding such property or asset, which is primarily engaged in a Permitted Business and is or will become, upon the acquisition by the Company or any Restricted Subsidiary of such Capital Stock, a Restricted Subsidiary.

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"Restructuring" means the restructuring and Qualified IPO of the common shares of a Subsidiary of the Company in the Restructuring Group.

"Restructuring Group" means the group of Subsidiaries of the Company which the Company may spin off and separately list on a Qualified Exchange as part of the Restructuring.

"S&P" means Standard & Poor's Ratings Services and its successors.

"Sale and Leaseback Transaction" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"Second Redemption Amount" equals to 6% of the Issue Amount minus the aggregate principal amount of the Notes redeemed or repurchased by the Company pursuant to sub-clause (i)(X) of the first paragraph under the caption "Mandatory Redemption Upon Specified Asset Sales" and the captions "Mandatory Redemption," "Optional Redemption," "Repurchase of Notes upon a Change of Control," "Redemption for Taxation Reasons" and "Limitation on Asset Sales" during the period from (and including) the Original Issue Date to (and including) the 24th Month Monthiversary Date.

"Securities Act" means the U.S. Securities Act of 1933, as amended.

"Securitization Fees" means distributions or payments made directly or by means of discounts with respect to any Receivable Financing Assets or participation in interest therein issued or sold in connection with and other fees paid to a Person that is not a Restricted Subsidiary in connection with any Receivable Financing.

"Senior Indebtedness" of the Company or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Company or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to (a) in respect of the Company, the Notes, (b) in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee, or (c) in respect of any Restricted

Subsidiary that is a JV Subsidiary Guarantor, its JV Subsidiary Guarantee; **provided that** Senior Indebtedness does not include (i) any obligation to the Company or any Restricted Subsidiary, (ii) trade payables or (iii) Indebtedness Incurred in violation of the Indenture.

"**Significant Restricted Subsidiary**" means a Restricted Subsidiary (or any group of Restricted Subsidiaries that together constitutes a Significant Restricted Subsidiary) that would be a "**significant subsidiary**" within the meaning of the definition of "**significant subsidiary**" in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Original Issue Date; **provided that** in each instance in such definition in which the term "10 percent" is used, the term "5 percent" shall be substituted therefor.

"Specified Asset Permitted Liens" means any Lien which is incurred, assumed or permitted to (i) facilitate a Specified Asset Sale or (ii) secure Indebtedness of a Restricted Subsidiary, provided that in the case of (ii), the aggregate outstanding principal amount of all such Indebtedness secured by Liens on the Specified Assets shall not exceed 80% of the aggregate fair value of all Specified Assets (as measured in accordance with GAAP and reflected in the most recent available consolidated financial statements of the Company (which may be internal consolidated statements)).

"Specified Asset Sale" means any sale, transfer or other disposition of one or more Specified Assets on or after the Original Issue Date, including by way of issuance or sale of Capital Stock of a Restricted Subsidiary that directly or indirectly owns the Specified Asset.

"Specified Assets" means (1) the Huahai project under development and sale located in Tangxia town, Dongguan City with an estimated salable area of 43,800 square meters, of which the Company indirectly owns 51% of the interest, (2) pieces of lands located in Jiamusi City with a site area of 484,708 square meters, of which the Company indirectly owns 100% of the interest, and (3) pieces of lands located in Bangkok Thailand with a site area of 590,700 square meters, of which the Company indirectly owns 36.43% of the interest.

"**Staged Acquisition Agreement**" means an agreement between the Company or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Company or such Restricted Subsidiary agrees to acquire not less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Company or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one installment over a period of time.

"**Stated Maturity**" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

"**Subordinated Indebtedness**" means any Indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, any Subsidiary Guarantee or any JV Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

~~"Subsidiary" means, with respect to any Person, any corporation, association or other business entity (1) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person; or (2) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and in each of the case of (1) and (2) which is "which is controlled" and consolidated by such Person in accordance with GAAP; **provided however, that** with respect to clause (2) the occurrence of any event as a result of which such corporation, association or other business entity ceases to be "**controlled**" by such Person under GAAP and to constitute a Subsidiary of such Person shall be deemed to be an Investment by such Person in such entity, which shall be made in compliance with the covenant under the caption "*Limitation on Restricted Payments*".~~

"**Subsidiary Guarantee**" means any Guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

"Subsidiary Guarantor" means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; **provided that** Subsidiary Guarantor will not include (a) any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes or (b) any JV Subsidiary Guarantor.

"Temporary Cash Investment" means any of the following:

- (1) direct obligations of the United States of America, the United Kingdom, any state of the European Economic Area, the People's Republic of China and Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, the United Kingdom, any state of the European Economic Area, the People's Republic of China and Hong Kong or any agency of any of the foregoing, in each case maturing within one year, which in the case of obligations of, or obligations Guaranteed by, the United Kingdom and any state of the European Economic Area, shall be rated at least "A" by S&P or Moody's;
- (2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, the United Kingdom, any state of the European Economic Area or Hong Kong, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US\$100.0 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;
- (4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof, or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P or Fitch;
- (5) securities maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P, Moody's or Fitch;
- (6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;
- (7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with any other bank, trust company or other financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations; and
- (8) structured deposit products that are principal protected with any bank or financial institution organized under the laws of the PRC, Hong Kong or anywhere the Company or any Restricted Subsidiary conducts business operations if held to maturity (which shall not be more than one year) and can be withdrawn at any time with no more than six months' notice.

"Third Redemption Amount" equals to 11% of the Issue Amount minus the aggregate principal amount of the Notes redeemed or repurchased by the Company pursuant to sub-clause (i)(X) of the first paragraph under the caption "Mandatory Redemption Upon Specified Asset Sales" and the captions "Mandatory Redemption," "Optional Redemption," "Repurchase of Notes upon a Change of Control," "Redemption for Taxation Reasons" and "Limitation on Asset Sales" during the period from (and including) the Original Issue Date to (and including) the 30th Month Monthiversary Date.

"Total Assets" means, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated

financial statements of the Company (which the Company shall use its reasonable best efforts to compile on a timely manner) are available (which may be internal consolidated financial statements); **provided that** any assets arising from any operating lease shall be excluded, and **provided further that**, only with respect to clause (b)(8) of the "Certain Covenants — Limitation on Indebtedness and Preferred Stock" covenant and the definition of **"Permitted Subsidiary Indebtedness"**, Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, in each case as of such date, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Company or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness; and **provided further that**, with respect to the calculation of the percentage of Total Assets represented by the Consolidated Assets of the Offshore Non-Guarantor Subsidiaries, the amount of Total Assets shall be calculated after giving pro forma effect to any sale or issuance of Capital Stock to relevant Independent Third Parties.

"Trade Payables" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

"Transaction Date" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"Trust Company Investor" means an Independent Third Party that is a financial institution, including but not limited to a bank, a trust company, a securities management company, an asset management company or an insurance company, or an Affiliate thereof, that Invests in any Capital Stock of a Restricted Subsidiary.

"Unrestricted Subsidiary" means (1) any Subsidiary of the Company that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

"U.S. Government Obligations" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; **provided that** (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"Voting Stock" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"Wholly Owned" means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; **provided that** Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries unless such Person or one or more Wholly Owned Subsidiaries of such Person are entitled to 95% or more of the economic benefits distributable by such Subsidiary.

SCHEDULE 5
NOTICE DETAILS

The addresses for service of notice for purposes of Clause 10 are:

1. in the case of **Guangdong – Hong Kong Greater Bay Area Holdings Limited** (粵港灣控股有限公司), **Trade Logistics Enterprises Limited** (業運企業有限公司), **Abundant Idea Investments Limited** (訊溢投資有限公司), **Copious Epoch Limited** (世溢有限公司), **Jiayue Limited** (佳粵有限公司), **Hongkong Hydoo Holding Limited** (香港毅德控股有限公司), **Hongkong Hydoo Group Investment Company Limited** (香港毅德集團投資有限公司), **Hongkong China Hydoo Logistic Limited** (香港中國毅德物流有限公司), **Hongkong Deshang Bright Ocean Limited** (香港德尚時光海有限公司), **Union Capital Holdings Limited** (滙聯集團有限公司) and **Hongkong Hydoo Financial Holding Limited** (香港毅德金融控股有限公司)

Address: Level 32, Block A, Hong Long Century Plaza
Luohu District, Shenzhen
PRC

For the attention of: Zhong Dinghua (钟定华)

Fax number: +852 2885 9577

Email: zhongdinghua@hydoo.com.cn

2. in the case of the **Information, Exchange and Tabulation Agent:**

In London:	In Hong Kong:
Kroll Issuer Services Limited The Shard 32 London Bridge Street London SE1 9SG United Kingdom Telephone: +44 20 7704 0880	Kroll Issuer Services Limited 3/F Three Pacific Place 1 Queen's Road East Admiralty Hong Kong Telephone: +852 2281 0114

Email: youngo@is.kroll.com

Exchange Website: <https://deals.is.kroll.com/youngo>

RSA Accession Portal: <https://deals.is.kroll.com/youngo-rsa>

SIGNATURE PAGES

Company

Executed as a Deed by

GUANGDONG – HONG KONG GREATER BAY AREA HOLDINGS LIMITED (粵港灣控股有限公司)

.....

Name:

Title:

Executed as a Deed by

TRADE LOGISTICS ENTERPRISES LIMITED (業運企業有限公司)

.....

Name:

Title:

Executed as a Deed by

ABUNDANT IDEA INVESTMENTS LIMITED (訊溢投資有限公司)

.....

Name:

Title:

Executed as a Deed by

COPIOUS EPOCH LIMITED (世溢有限公司)

.....

Name:

Title:

Executed as a Deed by

JIAYUE LIMITED (佳粤有限公司)

.....

Name:

Title:

Executed as a Deed by

HONGKONG HYDOO HOLDING LIMITED (香港毅德控股有限公司)

.....

Name:

Title:

Executed as a Deed by

HONGKONG HYDOO GROUP INVESTMENT COMPANY LIMITED (香港毅德集團投資有限公司)

.....

Name:

Title:

Executed as a Deed by

HONGKONG CHINA HYDOO LOGISTIC LIMITED (香港中國毅德物流有限公司)

.....

Name:

Title:

Executed as a Deed by

HONGKONG DESHANG BRIGHT OCEAN LIMITED (香港德尚時光海有限公司)

.....

Name:

Title:

Executed as a Deed by

UNION CAPITAL HOLDINGS LIMITED (滙聯集團有限公司)

.....

Name:

Title:

Executed as a Deed by

HONGKONG HYDOO FINANCIAL HOLDING LIMITED (香港毅德金融控股有限公司)

.....

Name:

Title:

Information, Exchange and Tabulation Agent

only with respect to Clause 5.4, executed as a Deed by

KROLL ISSUER SERVICES LIMITED

.....
Name:

Title:

.....
Name:

Title:

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Page references included in the consolidated financial statements of the Group as of and for each of the years ended December 31, 2019, 2020 and 2021, set forth below refer to pages in such consolidated financial statements as set forth in the Group's annual reports for the years ended December 31, 2020 and 2021, as the case may be. Page references included in the unaudited condensed consolidated financial statements of the Group as of and for the six months ended June 30, 2022 set forth below refer to pages in such unaudited condensed consolidated financial statements as set forth in the Group's interim report issued on August 29, 2022. The relevant annual reports and interim report do not form part of this exchange offer memorandum.

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INDEPENDENT PRACTITIONER'S REVIEW REPORT 獨立執業會計師的審閱報告



Reanda Lau & Au Yeung (HK) CPA Limited

To the board of directors of Guangdong – Hong Kong Greater Bay Area Holdings Limited

(Incorporated in Cayman Islands with limited liability)

We have reviewed the interim financial information of Guangdong – Hong Kong Greater Bay Area Holdings Limited (“the Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 30 to 76 which comprise the condensed consolidated statement of financial position as of 30 June 2022, and the condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE INTERIM FINANCIAL INFORMATION

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of the interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”, and for such internal control as directors of the Company determine is necessary to enable the preparation of interim financial information that is free from material misstatement, whether due to fraud or error.



利安達劉歐陽(香港)會計師事務所有限公司

致粵港灣控股有限公司董事會

(於開曼群島註冊成立的有限公司)

我們已審閱粵港灣控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)載於第30至76頁之中期財務資料，當中包括於2022年6月30日之簡明綜合財務狀況表以及截至該日止六個月期間之簡明綜合損益表、簡明綜合損益及其他全面收入表、簡明綜合權益變動表及簡明綜合現金流量表，以及主要會計政策概要及其他解釋附註。

董事就中期財務資料的責任

香港聯合交易所有限公司證券上市規則規定編製中期財務資料須遵守其中有關條文及國際會計準則理事會頒佈的國際會計準則第34號「中期財務報告」。貴公司董事負責根據國際會計準則第34號「中期財務報告」編製本中期財務資料，及落實貴公司董事認為編製中期財務資料所必要之內部控制，以使其不存在由於欺詐或錯誤而導致之重大錯誤陳述。

INDEPENDENT PRACTITIONER'S REVIEW REPORT 獨立執業會計師的審閱報告

PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a conclusion on this interim financial information and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our review in accordance with Hong Kong Standard on Review Engagements ("HKSRE") 2400 (Revised) "Engagements to Review Historical Financial Statements" issued by the Hong Kong Institute of Certified Public Accountants. HKSRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial information, taken as a whole, is not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of interim financial information in accordance with HKSRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Hong Kong Standards on Auditing. Accordingly, we do not express an audit opinion on this interim financial information.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

Reanda Lau & Au Yeung (HK) CPA Limited

Certified Public Accountants

Franklin Lau Shiu Wai

Practising Certificate Number P01886

21th Floor, Tai Yau Building

181 Johnston Road

Wanchai, Hong Kong

29 August 2022

執業會計師的責任

我們的責任是根據我們的審閱對本中期財務資料作出意見，按照我們的協定委聘條款，僅向董事會整體報告，除此之外別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔責任。

我們已根據香港會計師公會頒佈的香港審閱委聘準則（「香港審閱委聘準則」）第2400號（經修訂）「審閱過往財務報表之委聘」進行審閱。根據香港審閱委聘準則第2400號（經修訂）的要求，我們應就任何令我們相信中期財務資料在各重大方面未根據適用財務報告框架編製的事項作總結。此準則亦要求我們遵守相關道德規範。

根據香港審閱委聘準則第2400號（經修訂）審閱中期財務資料為有限鑒證工作。執業會計師審閱工作主要包括對於實體內管理層與其他人員進行詢問（如適用），並實施分析程序以及對取得的證據進行評估。

審閱的範圍遠小於根據香港核數準則進行的審核。因此，我們不對本中期財務資料發表審核意見。

結論

根據我們的審閱，我們並無發現任何事項導致我們認為中期財務資料在所有重大方面並無根據國際會計準則第34號「中期財務報告」編製。

利安達劉歐陽(香港)會計師事務所有限公司

執業會計師

劉兆璋

執業證書編號P01886

香港灣仔

莊士敦道181號

太有大廈21樓

2022年8月29日

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS 簡明綜合損益表

for the six months ended 30 June 2022 – unaudited
截至2022年6月30日止六個月 – 未經審核
(Expressed in Renminbi)
(以人民幣列示)

		Six months ended 30 June 截至6月30日止六個月	
		2022 2022年	2021 2021年
		RMB'000 人民幣千元	RMB'000 人民幣千元
	Note 附註		
Revenue	3	1,321,716	2,604,255
Cost of sales		(1,473,220)	(2,030,915)
Gross (loss)/profit		(151,504)	573,340
Other income	4	2,155	70,249
Selling and distribution expenses		(97,874)	(71,984)
Administrative and other operating expenses		(153,507)	(152,407)
Impairment loss, net	5(b)	(46,732)	(10,203)
(Loss)/profit from operations before fair value gain on investment properties		(447,462)	408,995
Fair value (loss)/gain on investment properties	9(b)	(165,857)	10,497
(Loss)/profit from operation after fair value (loss)/gain on investment properties		(613,319)	419,492
Share of profits less losses of associate/ joint ventures		(1,020)	319
Finance income	5(a)	16,194	19,382
Finance costs	5(a)	(300,577)	(173,289)
(Loss)/profit before taxation	5	(898,722)	265,904
Income tax	6	24,620	(104,820)
(Loss)/profit for the period		(874,102)	161,084
Attributable to:			
Equity shareholders of the Company		(796,551)	75,900
Non-controlling interests		(77,551)	85,184
(Loss)/profit for the period		(874,102)	161,084
(Loss)/earnings per share			
Basic and diluted (RMB cents)	7	(17.6)	1.7

The notes on pages 38 to 76 form part of this interim financial report.

第38至第76頁所載附註屬於該等中期財務報告的一部分。

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 簡明綜合損益及其他全面收入表

for the six months ended 30 June 2022 – unaudited
截至2022年6月30日止六個月 – 未經審核
(Expressed in Renminbi)
(以人民幣列示)

		Six months ended 30 June	
		截至6月30日止六個月	
		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(Loss)/profit for the period	期內(虧損)/利潤	(874,102)	161,084
Other comprehensive (loss)/income for the period (after tax and reclassification adjustments):	期內其他全面(虧損)/收入 (扣除稅項及重新分類調整):		
Item that may be reclassified subsequently to profit or loss:	期後可能重新分類至損益的項目:		
Exchange differences on translation of financial statements of subsidiaries outside the mainland China	換算中國境外附屬公司的財務報表的匯兌差額	(4,752)	31,110
Other comprehensive (loss)/income for the period	期內其他全面(虧損)/收入	(4,752)	31,110
Total comprehensive (loss)/income for the period	期內全面(虧損)/收入總額	(878,854)	192,194
Attributable to:	以下各方應佔:		
Equity shareholders of the Company	本公司權益股東	(801,303)	99,959
Non-controlling interests	非控股權益	(77,551)	92,235
Total comprehensive (loss)/income for the period	期內全面(虧損)/收入總額	(878,854)	192,194

The notes on pages 38 to 76 form part of this interim financial report.

第38至第76頁所載附註屬於該等中期財務報告的一部分。

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 簡明綜合財務狀況表

at 30 June 2022 – unaudited
於2022年6月30日—未經審核
(Expressed in Renminbi)
(以人民幣列示)

			30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
		Note 附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	8	387,746	402,734
Investment properties	投資物業	9	2,585,043	2,750,900
Intangible assets	無形資產		14,008	15,882
Goodwill	商譽		2,252	2,252
Interests in joint ventures	於合營公司權益	10	218,916	213,213
Interest in an associate	於聯營公司權益	11	5,673	–
Deferred tax assets	遞延稅項資產		169,165	193,616
Finance lease receivable	融資租賃應收款項		5,810	6,410
Other non-current assets	其他非流動資產		4,207	65,376
			3,392,820	3,650,383
Current assets	流動資產			
Inventories and other contract costs	存貨及其他合約成本	12	12,940,639	13,892,948
Other financial assets	其他金融資產		710	10
Trade and other receivables	貿易及其他應收款項	13	3,713,077	3,898,719
Prepaid tax	預付稅項		317,037	294,074
Pledged and restricted cash	已抵押及受限制現金	14	1,229,052	763,517
Cash and cash equivalents	現金及現金等值物	15	687,485	1,373,314
			18,888,000	20,222,582
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	16	3,682,410	5,947,883
Contract liabilities	合約負債		4,200,228	3,902,358
Bank loans and other borrowings	銀行貸款及其他借貸	17	646,362	531,631
Senior notes	優先票據	18	491,634	468,614
Lease liabilities	租賃負債		8,125	8,473
Current tax liabilities	即期稅項負債		689,252	795,484
Deferred income	遞延收入	19	212,841	259,268
Other current liabilities	其他流動負債	20	1,088,702	576,558
			11,019,554	12,490,269
Net current assets	流動資產淨值		7,868,446	7,732,313
Total assets less current liabilities	總資產減流動負債		11,261,266	11,382,696

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION 簡明綜合財務狀況表

at 30 June 2022 – unaudited
於2022年6月30日 – 未經審核
(Expressed in Renminbi)
(以人民幣列示)

			30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
		Note 附註		
Non-current liabilities	非流動負債			
Bank loans and other borrowings	銀行貸款及其他借貸	17	3,935,795	2,739,692
Senior notes	優先票據	18	1,970,095	1,877,848
Lease liabilities	租賃負債		24,405	27,322
Deferred tax liabilities	遞延稅項負債		91,524	132,988
Other financial liabilities	其他金融負債	21	768,009	947,719
			6,789,828	5,725,569
NET ASSETS	資產淨值		4,471,438	5,657,127
Capital and reserves	股本及儲備	23		
Share capital	股本		36,598	36,598
Reserves	儲備		4,253,581	5,051,474
Total equity attributable to equity shareholders of the Company	本公司權益股東應佔權益總額		4,290,179	5,088,072
Non-controlling interests	非控股權益		181,259	569,055
TOTAL EQUITY	權益總額		4,471,438	5,657,127

Approved and authorised for issue by the board of directors on 29 August 2022.

於2022年8月29日獲董事會批准及授權刊發。

Zeng Yunshu
曾雲樞
Chairman and Executive Director
主席兼執行董事

He Fei
何飛
Executive Director and CEO
執行董事兼總裁

The notes on pages 38 to 76 form part of this interim financial report.

第38至第76頁所載附註屬於該等中期財務報告的一部分。

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 簡明綜合權益變動表

for the six months ended 30 June 2022 – unaudited
截至2022年6月30日止六個月 – 未經審核
(Expressed in Renminbi)
(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔											
		Share capital	Share premium	PRC statutory reserve	Capital reserve	Reserve with non-controlling interests	Equity settled share-based payment reserve	Capital redemption reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	中國法定儲備	資本儲備	儲備 – 與非控股權益的交易	以權益結算以股份支付為基礎的儲備	資本贖回儲備	匯兌儲備	保留利潤	總計	非控股權益	權益總額
		Note 23(b) 附註23(b)											
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Balance at 1 January 2021	於2021年1月1日的結餘	36,598	1,188,276	619,962	1,435,617	(68,987)	8,666	120	33,793	2,338,352	5,592,397	265,967	5,858,364
Changes in equity for six months ended 30 June 2021:	截至2021年6月30日止六個月的權益變動：												
Profit for the period	期內利潤	-	-	-	-	-	-	-	-	75,900	75,900	85,184	161,084
Other comprehensive income	其他全面收入	-	-	-	-	-	-	-	24,059	-	24,059	7,051	31,110
Total comprehensive income	全面收入總額	-	-	-	-	-	-	-	24,059	75,900	99,959	92,235	192,194
Equity settled share-based transactions	以權益結算的股份交易	-	-	-	-	-	7,289	-	-	-	7,289	-	7,289
Acquisition of subsidiaries	收購子公司	-	-	-	-	-	-	-	-	-	-	176,745	176,745
Disposal of partial interest of subsidiaries to non-controlling interests	出售附屬公司部分權益至非控股權益	-	-	-	-	1,149	-	-	-	-	1,149	8,851	10,000
Capital injection by non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	-	-	26,950	26,950
Balance at 30 June 2021	於2021年6月30日的結餘	36,598	1,188,276	619,962	1,435,617	(67,838)	15,955	120	57,852	2,414,252	5,700,794	570,748	6,271,542
Changes in equity for six months ended 31 December 2021:	截至2021年12月31日止六個月的權益變動：												
Profit for the period	期內利潤	-	-	-	-	-	-	-	-	(574,384)	(574,384)	(31,810)	(606,194)
Other comprehensive income	其他全面收入	-	-	-	-	-	-	-	(78)	-	(78)	646	568
Total comprehensive income	全面收入總額	-	-	-	-	-	-	-	(78)	(574,384)	(574,462)	(31,164)	(605,626)
Equity settled share-based transactions	以權益結算的股份交易	-	-	-	-	-	4,330	-	-	-	4,330	-	4,330
Acquisitions of subsidiaries	收購子公司	-	-	-	-	-	-	-	-	-	-	(105,454)	(105,454)
Capital injection by a non-controlling interest	非控股權益注資	-	-	-	-	-	-	-	-	-	-	172,234	172,234
Acquisition of additional interest in a subsidiary from a non-controlling interest	自非控股權益購入現有附屬公司的額外權益	-	-	-	-	(42,590)	-	-	-	-	(42,590)	(37,410)	(80,000)
Disposal of partial interest of subsidiaries to non-controlling interests	出售附屬公司部分權益至非控股權益	-	-	-	-	-	-	-	-	-	-	101	101
Appropriation to PRC statutory reserve	轉撥至中國法定儲備	-	-	13,649	-	-	-	-	-	(13,649)	-	-	-
Balance at 31 December 2021	於2021年12月31日的結餘	36,598	1,188,276	633,611	1,435,617	(110,428)	20,285	120	57,774	1,826,219	5,088,072	569,055	5,657,127

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 簡明綜合權益變動表

for the six months ended 30 June 2022 – unaudited
截至2022年6月30日止六個月 – 未經審核
(Expressed in Renminbi)
(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔											
		Share capital	Share premium	PRC statutory reserve	Capital reserve	Reserve – transaction with non-controlling interests	Equity settled share-based payment reserve	Capital redemption reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	中國法定儲備	資本儲備	儲備 – 與非控股權益的交易	以權益結算以股份支付為基礎的儲備	資本贖回儲備	匯兌儲備	保留利潤	總計	非控股權益	權益總額
		Note 23(b) 附註23(b)											
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Balance at 1 January 2022	於2022年1月1日的結餘	36,598	1,188,276	633,611	1,435,617	(110,428)	20,285	120	57,774	1,826,219	5,088,072	569,055	5,657,127
Changes in equity for six months ended 30 June 2022:	截至2022年6月30日止六個月的權益變動：												
Profit for the period	期內利潤	-	-	-	-	-	-	-	-	(796,551)	(796,551)	(77,551)	(874,102)
Other comprehensive income	其他全面收入	-	-	-	-	-	-	-	(4,752)	-	(4,752)	-	(4,752)
Total comprehensive income	全面收入總額	-	-	-	-	-	-	-	(4,752)	(796,551)	(801,303)	(77,551)	(878,854)
Equity settled share-based transactions	以權益結算的股份交易	-	-	-	-	-	3,459	-	-	-	3,459	-	3,459
Lapse of share options	購股權失效	-	-	-	-	-	(15,670)	-	-	15,670	-	-	-
Acquisitions of subsidiaries	收購子公司	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries	出售附屬公司	-	-	-	-	-	-	-	-	-	-	(310,245)	(310,245)
De-registration of a subsidiary	註銷子公司	-	-	(49)	-	-	-	-	-	-	(49)	-	(49)
Balance at 30 June 2022	於2022年6月30日的結餘	36,598	1,188,276	633,562	1,435,617	(110,428)	8,074	120	53,022	1,045,338	4,290,179	181,259	4,471,438

The notes on pages 38 to 76 form part of this interim financial report.

第38至第76頁所載附註屬於該等中期財務報告的一部分。

CONDENSED CONSOLIDATED CASH FLOW STATEMENT 簡明綜合現金流量表

for the six months ended 30 June 2022 – unaudited
截至2022年6月30日止六個月 – 未經審核
(Expressed in Renminbi)
(以人民幣列示)

		Six months ended 30 June 截至6月30日止六個月	
		2022 2022年	2021 2021年
		RMB'000 人民幣千元	RMB'000 人民幣千元
	Note 附註		
Operating activities	經營活動		
Cash used in operations	經營業務所用現金	(646,864)	(2,787,624)
PRC tax paid	已付中國稅項	(56,451)	(83,133)
Net cash used in operating activities	經營活動使用現金淨值	(703,315)	(2,870,757)
Investing activities	投資活動		
Net cash inflow from acquisitions of subsidiaries	收購子公司的淨現金流出	-	49,683
Net cash outflow from disposal of subsidiaries	出售子公司所得淨現金流出	22 (28,661)	-
Payment for loans to third parties	支付第三方借款	(381)	(62,168)
Proceeds from repayment of loans to third parties	收到第三方貸款還款	41,778	142,918
Proceeds from repayment of finance lease receivables	收到融資租賃應收款項	5,097	-
Proceeds from consideration receivables from disposed subsidiaries	收到應收出售子公司的對價款項	29,810	-
Proceeds from disposal of other financial assets	出售其他金融資產所得款項	800	-
Payment for purchase of other financial assets	購買其他金融資產付款	(1,500)	-
Payment for purchase of other non-current financial assets	購買其他非流動金融資產付款	-	(18,876)
Proceeds from disposal of other non-current financial assets	出售其他非流動金融資產所得款項	14,628	-
Interest received	已收利息	16,194	-
Payment for purchase of property, plant and equipment	購買物業、廠房及設備付款	(548)	-
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	7,177	-
Payment for purchase of intangible assets	購買無形資產付款	(96)	-
Other cash flows arising from investment activities	其他投資活動現金流入	-	29,912
Net cash generated from investing activities	投資活動所用現金淨額	84,298	141,469

CONDENSED CONSOLIDATED CASH FLOW STATEMENT 簡明綜合現金流量表

for the six months ended 30 June 2022 – unaudited
截至2022年6月30日止六個月 – 未經審核
(Expressed in Renminbi)
(以人民幣列示)

		Six months ended 30 June 截至6月30日止六個月	
		2022 2022年	2021 2021年
		RMB'000 人民幣千元	RMB'000 人民幣千元
	Note 附註		
Financing activities	融資活動		
Proceeds from new bank loans and other borrowings	新增銀行貸款及其他借貸所得款項	1,385,550	1,344,030
Repayment of bank loans and other borrowings	償還銀行貸款及其他借貸	(74,715)	(300,205)
Net proceeds from the issue of senior notes	發行優先票據所得款項淨值	–	564,188
Proceeds from discounted bills	已貼現票據所得	887,076	318,334
Repayment of discounted bills	償還已貼現票據	(387,532)	(300,000)
Proceeds from advances from controlling Shareholders, net	控股股東墊款，淨額	34,773	425,356
(Repayment of)/proceeds from advances from non-controlling interests, net	(償還)/收取非控股股東墊款，淨額	(953,241)	1,747,295
Payment for advances to non-controlling interests	支付非控股股東預付款項	–	(116,609)
Settlement of other financial liabilities	支付其他金融負債	(210,000)	–
Proceeds from advances from third parties	第三方墊款，淨額	91,014	123,652
Proceeds from advances from a related party	關聯方墊款	–	50,000
Disposal of partial interests of a subsidiary to a non-controlling interest	出售附屬公司部分權益至非控股權益	–	10,000
Interest paid	已付利息	(369,288)	(276,728)
Payment for pledged deposits and restricted cash	支付抵押存款及受限制現金	(465,535)	(1,537)
Capital injection by non-controlling interests	非控股權益注資	–	26,950
Capital element of lease rentals paid	已付租賃租金的資本部分	(2,958)	(3,153)
Interest element of lease rentals paid	已付租賃租金的利息部分	(2,043)	(2,158)
Net cash (used in)/generated from financing activities	融資活動(所用)/產生現金淨額	(66,899)	3,609,415
Net (decrease)/increase in cash and cash equivalents	現金及現金等值物(減少)/增加淨額	(685,916)	880,127
Cash and cash equivalents at 1 January	於1月1日的現金及現金等值物	1,373,314	1,783,235
Effect of foreign exchange rate changes	外匯匯率變動的影響	87	(2,207)
Cash and cash equivalents at 30 June	於6月30日的現金及現金等值物	687,485	2,661,155

The notes on pages 38 to 76 form part of this interim financial report.

第38至第76頁所載附註屬於該等中期財務報告的一部分。

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1 BASIS OF PREPARATION

This unaudited interim condensed consolidated financial statements has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 29 August 2022.

The unaudited interim condensed consolidated financial statements has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Guangdong – Hong Kong Greater Bay Area Holdings Limited (“the Company”) and its subsidiaries (collectively referred to as “the Group”) since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by Reanda Lau & Au Yeung (HK) CPA Limited (“Reanda Lau & Au Yeung”) in accordance with Hong Kong Standard on Review Engagements 2400 (Revised), *Engagements to Review Historical Financial Statements*, issued by the Hong Kong Institute of Certified Public Accountants. Reanda Lau & Au Yeung’s independent review report to the Board of Directors is included on pages 28 to 29.

1 編製基準

本期間未經審核中期簡明綜合財務報表已根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)中適用的披露規定進行編製，包括遵守國際會計準則理事會(「國際會計準則理事會」)頒佈的國際會計準則(「國際會計準則」)第34號「中期財務報告」的規定。本中期財務報告獲授權於2022年8月29日刊發。

本期間未經審核中期簡明綜合財務報表乃根據與2021年年度財務報表所採納之相同的會計政策編製，惟預期於2022年年度財務報表反映的會計政策變動除外。有關會計政策的變動詳情載於附註2。

管理層在編製符合國際會計準則第34號的中期財務報告時，須作出年度截至報告日期為止對政策的應用及資產、負債、收入及支出的呈報金額造成影響的判斷、估計及假設。實際結果可能有別於該等估計。

本中期財務報告載有簡明綜合財務報表及篩選詮釋附註。有關附註包括對粵港灣控股有限公司(「本公司」)及其附屬公司(合稱為「本集團」)自2021年年度財務報表以來的財務狀況的變動及表現屬重大的事件及交易的解釋。簡明綜合中期財務報表及其附註不包括根據國際財務報告準則(「國際財務報告準則」)編製的整套財務報表所需全部資料。

本中期財務報告未經審核，但已由利安達劉歐陽(香港)會計師事務所有限公司根據香港會計師公會頒佈的香港審閱工作準則第2400號(經修訂)「審閱過往財務報表之委聘」審閱。利安達劉歐陽會計師事務所致董事會的獨立審閱報告載於第28至29頁。

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1 BASIS OF PREPARATION (Cont'd)

The financial information relating to the financial year ended 31 December 2021 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2021 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 29 April 2022.

Going concern basis

The total revenue of the Group for the six months ended 30 June 2022 was approximately RMB1.32 billion, representing a drop of approximately 49% as compared to the same period in 2021. In addition, for the six months ended 30 June 2022, the Group recorded a loss for the period of approximately RMB0.87 billion.

In view of the above circumstances, the management of the Group has given careful consideration to the Group's future liquidity, operating conditions and available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern, and taking into consideration the following plans and measures:

- (i) The Group will continue to take measures to accelerate the sales of its completed properties held for sale and to speed up the collection of sales proceeds. These measures include, but are not limited to, formulating separate sales promotion policies for each project, and regularly updating the sales policies.
- (ii) The Group will continue to closely monitor the construction process of the projects under development to ensure that the construction of the projects is completed according to the planned progress, and the project will be launched in a timely manner to recover funds.
- (iii) The Group will continue to take proactive measures to control selling and distribution expenses and administrative expenses.
- (iv) The Group is actively negotiating with certain major lenders for new financing or refinancing. Furthermore, it proposes to use unpledged investment properties as collateral for such borrowings. In addition, the Group will continue to monitor and fulfil the covenants of existing loan agreements.

1 編製基準(續)

中期報告所載有關截至2021年12月31日止財政年度的財務資料，並不構成本公司於該財政年度的法定年度綜合財務報表，惟有關資料乃摘錄自該等財務報表。截至2021年12月31日止年度的法定財務報表可從公司註冊處索取。審計人員於2022年4月29日報告中就此等財務報表無保留意見。

持續經營基準

截至2022年6月30日止6個月期間，本集團的總收入約為人民幣13.2億元，較2021年同期減少約49%。此外，集團於截至2022年6月30日止6個月期間，錄得期內虧損約為人民幣8.7億元。

鑒於上述情況，本集團管理層在評估本集團持續經營能力時，已審慎考慮集團未來流動資金、經營狀況以及可用融資來源，並考慮以下計劃及措施。

- (i) 本集團將繼續採取措施，加快已竣工待售的舊有物業項目的銷售，以及加快銷售回款。該等措施包括但不限於分別給各個項目制定單獨的銷售推廣政策，定期更新銷售政策，以及激勵銷售人員和銷售渠道的積極性。
- (ii) 本集團將繼續密切監察大灣區在建項目的建設過程，確保項目按計劃的進度完成建設，並適時推盤，以回籠資金。
- (iii) 本集團將繼續採取積極措施控制銷售和分銷成本及行政開支。
- (iv) 本集團將積極與相關主要貸款人溝通取得新增融資和再融資，且集團可使用未抵押物業作為新增借款的抵押品。集團將持續管控和滿足現有借款合同的條款。

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1 BASIS OF PREPARATION (Cont'd)

Going concern basis (Cont'd)

The Directors of the Company have reviewed the cash flow forecasts of the Group prepared by management for a period of not less than 12 months from 30 June 2022. The cash flow forecast is based on management's judgments and assumptions regarding certain future events, and its realization will depend on the successful implementation of the Group's on-going plans and measures, in particular, the Group's ability to obtain additional financing or refinancing from lenders as necessary, its ability to continue to comply with the terms and conditions of covenants contained in existing borrowing agreements and the successful and timely sale of properties to generate additional funding.

The Directors are of the opinion that, after taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the twelve months from 30 June 2022. Accordingly, the Directors consider that it is appropriate to prepare the interim financial report on a going concern basis.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IFRS 3, *Reference to the Conceptual Framework*
- Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
- Amendments to IAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to IFRS Standards 2018–2020, *Annual improvements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

1 編製基準(續)

持續經營基準(續)

本公司董事已審閱管理層編製的涵蓋期間為自2022年6月30日起不少於12個月的本集團現金流量預測。該現金流量預測乃基於管理層對若干未來事項的判斷和假設，其實現將取決於集團計劃和正在執行的一系列計劃和措施的順利達成，主要包括：集團有能力獲得必要的新增融資或再融資；可持續滿足現有銀行借款合同下融資的條件；以及成功並及時實行計劃完成物業的銷售。

董事會認為，在考慮上述計劃和措施後，本集團將有足夠的營運資本為其運營提供資金，並在2022年6月30日起12個月內到期時履行其財務義務。因此，董事會認為，在持續經營的基礎上編製中期財務報告是適當的。

2 會計政策變動

國際會計準則理事會已經發佈了以下首次適用於本集團本期會計期間的國際財務報告準則修訂本：

- 國際財務報告準則第3號的修訂，*概念框架之提述*
- 國際會計準則第16號，*物業、廠房及設備：作擬定用途前的所得款項*
- 國際會計準則第37號，*虧損性合約—履行合約的成本*
- 2018年至2020年國際財務報告準則之年度改進，*年度改進*

以上國際財務報告準則新修訂本均未對本中期財務報告編製及列報本集團本期或以前期間的業績和財務狀況產生重大影響。本集團未採用任何在本期會計期間尚未生效的新準則或解釋。

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3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are development, sales and operation of commercial trade and logistic centers, and residential properties, and trading business in the PRC.

Revenue represents income from sales of properties, trading business, property management services income and rental income net of sales related taxes and is after deduction of any trade discounts.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

3 收入及分部報告

本集團的主要業務為在中國進行商貿物流中心以及住宅物業的開發、銷售及經營，以及貿易業務。

收入指物業銷售收入、貿易業務收入、物業管理服務收入及租金收入，其中已扣除銷售相關稅項及任何交易折扣。

(a) 收入分拆

來自與客戶訂立之合約的收入按主要產品或服務線之分拆如下：

		Six months ended 30 June	
		截至6月30日止六個月	
		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Revenue from contracts with customers within the scope of IFRS 15	國際財務報告準則第15號範圍下的客戶合約收入		
– Sales of properties	– 物業銷售	256,531	1,792,809
– Property management services	– 物業管理服務	32,585	45,842
– Trading business	– 貿易業務	1,008,958	701,986
– Others	– 其他	8,874	39,796
		1,306,948	2,580,433
Revenue from other sources	其他收入來源		
– Rental income	– 租金收入	14,768	23,822
		1,321,716	2,604,255

Disaggregation of revenue from contracts with customers and revenue from other sources by divisions is disclosed in note 3(b).

來自與客戶訂立之合約的收入以及來自其他來源的收入按主要產品或服務類型之分拆見附註3(b)。

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3 REVENUE AND SEGMENT REPORTING (Cont'd)

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments.

- Property development and related services: this segment mainly provides revenue arising from the sale of properties developed for sale in the ordinary course of business, also provides value-added business such as property management services and rental services.
- Trading business: this segment mainly operates supply chain business.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of interests in joint ventures, interests in associate, deferred tax assets, other non-current assets, other financial assets and prepaid tax. Segment liabilities include trade and other payables, deferred income, contract liabilities and lease liabilities attributable to the sales activities of the individual segments and senior notes, other current liabilities and other financial liabilities measured at amortised cost and bank loans and other borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

3 收入及分部報告(續)

(b) 分部報告

本集團按部門劃分管理其業務，而部門按業務線(產品及服務)設立。以與就資源分配及表現評估向本集團最高級行政管理人員內部呈報資料方式一致之方式，本集團列示以下兩個可呈報分部。

- 物業開發及相關服務：該分部主要開發及銷售物業，及提供有關增值服務，如物業管理服務和租賃服務。
- 貿易業務：該分部運營供應鏈貿易。

為評估分部表現及分配分部之間的資源，本集團高級行政管理人員乃按以下基準監察各可呈報分部應佔業績、資產及負債：

分部資產包括所有有形、無形資產及流動資產，惟合營公司權益、聯營公司權益、遞延稅項資產、其他非流動資產、其他金融資產和預付稅項除外。分部負債包括個別分部之銷售活動應佔之貿易及其他應付款項、遞延收入、合約負債和租賃負債、優先票據、其他流動負債和以攤餘成本計量的金融負債以及銀行借貸及其他借貸，由各分部直接管理。

收入及開支乃經參考該等分部產生之銷售額及該等分部產生的支出(該等分部應佔資產之折舊或攤銷所產生者除外)分配予可呈報分部。

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3 REVENUE AND SEGMENT REPORTING (Cont'd)

(b) Segment reporting (Cont'd)

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items which are non-recurring or not specifically attributed to individual segments, such as other income, impairment loss, net, fair value (loss)/gain on investment properties and share of profits less losses of associate/joint ventures.

Disaggregation of revenue from contracts with customers, revenue from other sources as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

3 收入及分部報告(續)

(b) 分部報告(續)

用於可呈報分部溢利之方法為經調整的除融資成本、所得稅和應佔資產之折舊和攤銷前之溢利，應佔資產之折舊和攤銷前之溢利包括按攤銷成本計量的金融資產減值虧損。經調整的除融資成本、所得稅和應佔資產之折舊和攤銷前之溢利，並對未指定屬於個別分部之項目作出進一步調整，例如其他收入、減值虧損，淨額、投資物業公允值(虧損)/收益以及分佔聯營公司/合營公司收益減虧損。

來自與客戶訂立之合約的收入，來自其他來源的收入以及就資源分配及分部表現評估向本集團最高級行政管理人員提供有關本集團可呈報分部之資料載於下文。

		Property development and related services		Trading business		Total	
		物業開發及相關服務	貿易業務	總計			
For the six months ended 30 June	截至6月30日止六個月	2022	2021	2022	2021	2022	2021
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Reportable segment revenue	報告分部收入	312,758	1,902,269	1,008,958	701,986	1,321,716	2,604,255
Reportable segment profit (adjusted EBITDA)	報告分部盈利(經調整息稅前利潤)	(382,310)	363,779	(6,241)	868	(388,551)	364,647
Finance income	財務收入	(6,242)	17,702	22,436	1,680	16,194	19,382
Finance costs	融資成本	281,389	167,553	19,188	5,736	300,577	173,289
Depreciation and amortisation for the period	期內折舊及攤銷	14,329	15,698	5	-	14,334	15,698
Impairment loss, net	減值虧損，淨額	46,732	10,203	-	-	46,732	10,203
Fair value (loss)/gain on investment properties	投資物業公允值(虧損)/收益	(165,857)	10,497	-	-	(165,857)	10,497
As at 30 June/31 December	於6月30日或12月31日						
Reportable segment assets	可呈報分部資產	19,939,797	23,534,516	1,623,712	586,302	21,563,509	24,120,818
Reportable segment liabilities	可呈報分部負債	14,938,991	17,028,506	1,321,607	488,494	16,260,598	17,517,000

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3 REVENUE AND SEGMENT REPORTING (Cont'd)

(c) Reconciliations of reportable segment revenue and profit

3 收入及分部報告(續)

(c) 可呈報分部收入及損益對賬

		Six months ended 30 June	
		截至6月30日止六個月	
		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Revenue	收入		
Reportable segment revenue and consolidated revenue	可呈報分部收入和綜合收入	1,321,716	2,604,255
(Loss)/profit	(虧損)/利潤		
Reportable segment (loss)/profit derived from Group's external customers	源自本集團外部客戶之可呈報分部(虧損)/利潤	(388,551)	364,647
Other income	其他收入	2,155	70,249
Impairment loss, net	減值虧損，淨額	(46,732)	(10,203)
Depreciation and amortisation	折舊和攤銷	(14,334)	(15,698)
Fair value (loss)/gain on investment properties	投資物業公允值(虧損)/收益	(165,857)	10,497
Share of profits less losses of joint ventures	分佔合營公司收益減虧損	-	319
Share of loss of associates	分佔聯營公司虧損	(1,020)	-
Finance costs	融資成本	(300,577)	(173,289)
Finance income	財務收入	16,194	19,382
(Loss)/profit before taxation	除稅前(虧損)/利潤	(898,722)	265,904

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4 OTHER INCOME

4 其他收入

		Six months ended 30 June	
		截至6月30日止六個月	
		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Net realised and unrealised fair value loss from financial assets and liabilities measured at fair value through profit and loss	按公允值計量且其變動計入當期損益的金融資產和金融負債的已實現與未變現公允值虧損	-	(1,918)
Net loss on disposal of investment properties	出售投資物業的淨虧損	-	(22)
Net gain on disposal of subsidiaries (note 22)	出售附屬公司的收益淨值(附註22)	2,634	4,098
Gain on bargain purchase of subsidiaries	收購子公司的收益	-	66,148
Net gain on disposal of property, plant and equipment	出售物業、廠房及設備的收益淨值	5,480	377
Government grants	政府補助	242	952
Others	其他	(6,201)	614
		2,155	70,249

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5 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after (crediting)/charging:

(a) Finance income and finance costs

5 除稅前(虧損)/利潤

除稅前(虧損)/利潤經(計入)/扣除下列各項後得出：

(a) 財務收入及融資成本

		Six months ended 30 June	
		截至6月30日止六個月	
		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Finance income	財務收入		
Interest income	利息收入	(16,194)	(19,382)
Finance costs	融資成本		
Interest on bank loans and other borrowings	銀行貸款及其他借貸利息	159,043	83,905
Interest on senior notes	優先票據利息	151,811	148,557
Interest on amounts due to a non-controlling interest	應付非控股權益款項利息	56,845	19,821
Interest on lease liabilities	租賃負債利息	2,043	2,158
Accrued interest on significant financing component of contract liabilities	合約負債的重大融資部分應計利息	49,579	31,513
Other borrowing costs	其他借貸成本	1,588	13,154
		420,909	299,108
Less: interest expense capitalised into properties under development*	減：資本化撥入在建物業的利息開支*	(118,771)	(125,627)
		302,138	173,481
Net foreign exchange gain	匯兌收益淨值	(1,561)	(192)
		300,577	173,289

* The borrowing costs have been capitalised at a weighted average rate of 5.78% per annum (six months ended 30 June 2021: 9.43%).

* 借貸成本已按加權平均年利率5.78%資本化(截至2021年6月30日的六個月：9.43%)。

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5 (LOSS)/PROFIT BEFORE TAXATION (Cont'd)

(b) Other items

5 除稅前(虧損)/利潤(續)

(b) 其他項目

		Six months ended 30 June	
		截至6月30日止六個月	
		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Depreciation and amortisation	折舊及攤銷		
– plant and equipment	– 廠房及設備	12,228	7,137
– right-of-use assets	– 使用權資產	910	7,253
– intangible assets	– 無形資產	1,196	1,308
		14,334	15,698
Impairment losses	減值虧損		
– trade and other receivables	– 貿易及其他應收款項	600	10,013
– finance lease receivables	– 融資租賃應收款項	–	190
– Leasehold land held for and under development for sale	– 待售未來待開發租賃土地及待售在建物業	70,943	–
Less: Reversal of impairment losses of trade and other receivables	減：貿易及其他應收款項減值虧損回撥	(24,811)	–
		46,732	10,203
Cost of inventories sold	已售存貨成本		
– properties (i)	– 物業(i)	421,449	1,311,200
– commodities	– 商品	1,013,174	701,201
		1,434,623	2,012,401

Note:

- (i) Cost of properties sold is after netting off the utilisation of deferred income in respect of government grants of RMB68,427,000 during the six months ended 30 June 2022 (six months ended 31 June 2021: RMB93,984,000) (note 19).

附註：

- (i) 截至2022年6月30日止六個月，已售物業成本為經扣除使用政府補助的遞延收入人民幣68,427,000元後得出(截至2021年6月30日止六個月：人民幣93,984,000元)(附註19)。

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6 INCOME TAX

6 所得稅

		Six months ended 30 June 截至6月30日止六個月	
		2022 2022年 RMB'000 人民幣千元	2021 2021年 RMB'000 人民幣千元
Current tax	即期稅項		
PRC Corporate Income Tax ("PRC CIT")	中國企業所得稅(「中國企業所得稅」)	2,769	65,484
PRC Land Appreciation Tax ("PRC LAT")	中國土地增值稅(「中國土地增值稅」)	12,719	36,668
		15,488	102,152
Deferred tax (Reversal) and origination of temporary differences	遞延稅項 暫時性差額的(撥回)及產生	(40,108)	2,668
		(24,620)	104,820

(a) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in this jurisdiction.

(b) No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax during the period (six months ended 30 June 2021: Nil).

(c) **PRC CIT**

The Group's PRC subsidiaries are subject to statutory tax rate of 25% on their assessable profits.

(d) **PRC LAT**

PRC LAT which is levied on properties developed for sale by the Group in the Mainland China, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from PRC LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

(a) 根據開曼群島規則及法規，本集團於該司法權區毋須繳納任何所得稅。

(b) 由於本集團期內並無賺取任何須繳納香港利得稅的收入，故並無就香港利得稅計提撥備(截至2021年6月30日止六個月：無)。

(c) **中國企業所得稅**

本集團的中國附屬公司須就其應課稅利潤按25%的法定稅率繳稅。

(d) **中國土地增值稅**

本集團銷售於中國內地所開發物業須按價值增幅以30%至60%的累進稅率繳納中國土地增值稅，根據適用規例，中國土地增值稅是按銷售物業所得款項減可扣稅開支(包括土地使用權租賃支出、借貸成本及所有合資格物業開發開支)計算。中國土地增值稅產生的遞延稅項資產於他們預期結算時按適用所得稅稅率計算。

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6 INCOME TAX (Cont'd)

(d) PRC LAT (Cont'd)

In addition, certain subsidiaries of the Group were subject to PRC LAT which were calculated based on 6% to 8% of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

The directors of the Company are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the Mainland China and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging PRC LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Administration of Taxation or any tax bureau of higher authority is remote.

7 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on loss attributable to equity shareholders of the Company of RMB796,551,000 (six months ended 30 June 2021: profit of RMB75,900,000) and the weighted average of 4,537,354,000 ordinary shares (six months ended 30 June 2021: 4,537,354,000 ordinary shares) during the period, calculated as follows:

		Six months ended 30 June	
		截至6月30日止六個月	
		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
(Loss)/profit attributable to equity shareholders of the Company	本公司權益股東應佔(虧損)/利潤	(796,551)	75,900
		'000	'000
		千股	千股
Weighted average number of shares (thousand shares)	加權平均股數(千股)		
Issued ordinary shares	已發行普通股	4,537,354	4,537,354

For the six months ended 30 June 2022 and 2021, the effect of deemed issue of shares under the Company's employee share option scheme for nil consideration was anti-dilutive.

6 所得稅(續)

(d) 中國土地增值稅(續)

此外，本集團的若干附屬公司根據相關的地方稅務局批准的核定計稅方法基於收入的6%至8%計算中國土地增值稅。

本公司董事認為，其獲准採用的核准計稅方法是中國大陸認可的計稅方法之一，而本集團中國附屬公司所在地的各地方稅務局為批准該等公司以核定計稅方法徵收中國土地增值稅的主管稅務機關，故受國家稅務總局或任何上級主管稅務機關質疑的風險不大。

7 每股(虧損)/盈利

每股基本(虧損)/盈利按本公司權益股東應佔虧損人民幣796,551,000元(截至2021年6月30日止六個月：利潤人民幣75,900,000元)及普通股加權平均數4,537,354,000股(截至2021年6月30日止六個月：4,537,354,000股)計算，計算如下所示：

截至2022年和2021年6月30日止六個月期間，根據本公司的員工購股權計劃以零對價視作發行股份的影響已被反攤薄。

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8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with a cost of RMB548,000 (six months ended 30 June 2021: RMB2,053,000).

9 INVESTMENT PROPERTIES

(a) Disposals

During the six months ended 30 June 2022, there were no disposal of investment properties. During the six months ended 30 June 2021, items of investment properties with a net book value of RMB297,000 were disposed, resulting in a loss of RMB22,000.

(b) Valuations

The Group's investment properties carried at fair value were revalued as at 30 June 2022 by the management of the Group. In valuing the property interest in the PRC, the management of the Group has considered the current rental income of the property interest and the reversionary potential of the tenancy, and also made reference to the recent transactions for similar premises in the proximity.

During the six months ended 30 June 2022, a fair value loss of RMB165,857,000 (six months ended 30 June 2021: gain of RMB10,497,000) in respect of existing investment properties, with the total corresponding deferred tax credit of RMB41,464,000 (six months ended 30 June 2021: deferred tax expense of RMB2,624,000), had been recognised in the condensed consolidated statement of profit or loss for the period.

Certain bank loans granted to the Group were jointly secured by investment properties with a book value of RMB1,081,846,000 (31 December 2021: RMB1,150,900,000) (note 17).

The Group's investment properties are held on leases of between 1 to 12 years in the PRC.

8 物業、廠房及設備

截至2022年6月30日止六個月期間，本集團購買物業、廠房及設備項目的成本為人民幣548,000元(截至2021年6月30日止六個月：人民幣2,053,000元)。

9 投資物業

(a) 出售

截至2022年6月30日止六個月期間，並沒有出售投資物業。截至2021年6月30日止六個月期間，出售投資物業的賬面淨值為人民幣297,000元，產生虧損人民幣22,000元。

(b) 估值

本集團的投資物業按公允值入賬，並於2022年6月30日由本集團管理層進行重新估值。於估算中國的物業權益時，本集團管理層已考慮了物業權益的現時租金收入及租約的續約可能性，以及參考附近同類物業的近期成交記錄。

截至2022年6月30日止六個月，期內簡明綜合損益表已確認現有投資物業的公允價值虧損為人民幣165,857,000元(截至2021年6月30日止六個月：公允價值收益為人民幣10,497,000元)，並相應確認遞延稅項收益人民幣41,464,000元(截至2021年6月30日止六個月：遞延稅項費用人民幣2,624,000元)。

本集團獲授的若干銀行貸款由賬面額人民幣1,081,846,000元(2021年12月31日：人民幣1,150,900,000元)的投資物業抵押(附註17)。

本集團於中國持有的投資物業租賃期介乎1至12年。

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10 INTEREST IN JOINT VENTURES

(i) Hydoo Best

As at 30 June 2022, the Group's interest in Hydoo Best Group Co. Ltd. ("Hydoo Best") amounted to RMB129,743,000 (31 December 2021: RMB124,040,000).

In 2018, Hydoo Best was unable to get reimbursement of the cost of certain pieces of land which have to be returned to the original vendor by the order of the court. In addition, the joint venture partner of Hydoo Best was obligated to repurchase certain shares in Hydoo Best held by the Group but failed to do so within the specified time frame. This resulted in a loss on the interest in Hydoo Best held by the Group.

The directors expect that the Group will be able to recover part of its interest in Hydoo Best by applying public auction of the land pieces still held by Hydoo Best based on the legal opinion obtained from an external legal counsel. With reference to the fair value of these land pieces which were assessed by the Group's directors based on a valuation report prepared by external valuers, the Group has made a provision for impairment loss of RMB19,752,000 on the interest in Hydoo Best and a specific loss allowance of RMB19,613,000 on the amount due from that joint venture in 2018. Based on the fair value of the land pieces assessed as at 30 June 2022, the directors considered that no further provision for impairment loss was necessary during the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

(ii) Beijing Sunac

The Group initially owned 33% equity interest in Beijing Sunac, which was classified as an associate of the Group. During the year of 2021, the Group acquired additional 34% equity interests of Beijing Sunac at a consideration of RMB52,646,000, satisfied by the amount due from Beijing Sunac owed by the Group. Upon the acquisition, a joint venture agreement was signed and the director appointed by the remaining investor of Beijing Sunac has the right of veto in the board of directors. As a result, Beijing Sunac became a joint venture of the Group and the results of Beijing Sunac continued be equity accounted for by the Group.

10 於合營公司權益

(i) Hydoo Best

於2022年6月30日，本集團於Hydoo Best Group Co. Ltd. (「Hydoo Best」) 的權益為人民幣129,743,000元(2021年12月31日：人民幣124,040,000元)。

在2018年，Hydoo Best無法獲得由法院命令必須返還給原賣方的土地的相應成本賠償。此外，Hydoo Best的合營夥伴有義務從本集團購回持有的Hydoo Best的若干股份，但未能按時履行其回購責任。這導致本集團對Hydoo Best的投資損失。

本公司董事預期，基於所取得的外部法律顧問的法律意見，預期本集團可以通過申請公開拍賣獲得Hydoo Best仍持有的土地以收回其在Hydoo Best的部分投資。經參考本集團董事基於外部估值師編製的估值報告作出評估的該等土地的公允價值，本集團於2018年就對Hydoo Best的權益作出減值虧損撥備人民幣19,752,000元及就應該合營公司的款項作出特定虧損撥備人民幣19,613,000元。基於該等土地於2022年6月30日的公允價值，董事認為截至2022年6月30日止六個月期間無需進一步的減值虧損撥備(截至2021年6月30日止六個月：零)。

(ii) 北京融創

本集團最初持有北京融創毅德企業管理有限公司33%的股權，其被列為本集團的聯營公司。2021年內，本集團以人民幣52,646,000元的對價增持了北京融創毅德企業管理有限公司34%的股權，對價免除本集團對北京融創應收款項人民幣52,646,000元。收購完成後，本集團與融創簽訂合營協定，由此本集團將北京融創毅德企業管理有限公司從聯營公司轉為合營企業，北京融創的業績繼續由本集團按權益法核算。

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11 INTEREST IN ASSOCIATES

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
Interest retained by the Group as associates (note 22a)	本集團保留的權益視為聯營公司(附註22a)	6,693	-
Share of loss of associates	聯營公司分佔虧損	(1,020)	-
		5,673	-

On 16 February 2022, the Company entered into a share transfer agreement, pursuant to which, the Company has agreed to sell 70% equity interest of Revere Effort Limited ("Revere Effort"), which hold 51% interest in Jiangxi Hydoo, at a consideration of HK\$33,000,000 (equivalent to RMB26,842,000) to a connected person of the Company. Upon completion of the disposal, Revere Effort becomes the Company's associate.

於2022年2月16日，本公司訂立股份轉讓協議。根據股份轉讓協議，本公司同意以33,000,000港元(等價人民幣26,842,000元)的對價出售敬業有限公司(「敬業」)70%的股權給本公司關聯人士，其中敬業持有江西毅德城置業有限公司51%的股權。出售完成後，敬業成為本公司的聯營公司。

12 INVENTORIES AND OTHER CONTRACT COSTS

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
Inventories	存貨		
Property development	物業開發		
- Leasehold land held for and under development for sale	- 待售未來待開發租賃土地及待售在建物業	10,746,326	11,231,225
- Completed properties held for sale	- 待售已完工物業	2,153,233	2,624,104
		12,899,559	13,855,329
Others	其他	4,252	711
		12,903,811	13,856,040
Other contract costs	其他合約成本	36,828	36,908
		12,940,639	13,892,948

As at 30 June 2022, leasehold land held for and under development for sale and completed properties held for sale were pledged for certain bank loans granted to the Group and parking lots financing arrangement.

於2022年6月30日，待售未來待開發租賃土地及待售在建物業和待售已完工物業用作本集團獲授若干銀行貸款的抵押及車位融資安排。

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13 TRADE AND OTHER RECEIVABLES

Trade receivables are primarily related to proceeds from the sale of properties and rental services provided. The ageing analysis of trade receivables (net of loss allowance) based on the date when the relevant trade receivables recognised, is as follows:

13 貿易及其他應收款項

貿易應收款項主要與物業銷售所得款項及提供租賃服務有關。按相關貿易應收款項確認日期劃分的貿易應收款項(扣除虧損撥備)的賬齡分析如下：

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
Within 1 month	1個月內	2,451	12,228
1 to 3 months	1至3個月內	3,337	5,858
3 to 6 months	3至6個月內	10,527	12,932
6 to 12 months	6至12個月內	35,259	34,010
Over 12 months	12個月以上	202,707	216,721
Trade and bill receivables, net of loss allowance	貿易應收款項及應收票據 (扣除虧損撥備)	254,281	281,749
Finance lease receivables	融資租賃應收款項	15,517	23,057
Less: loss allowance	減：虧損撥備	(11,858)	(11,858)
		3,659	11,199
Amounts due from joint ventures (a)	應收合營公司款項(a)	81,039	78,595
Less: loss allowance	減：虧損撥備	(19,613)	(19,613)
		61,426	58,982
Other debtors, net of loss allowance (b)	其他應收款項(扣除虧損 撥備)(b)	1,520,454	1,563,996
Financial assets measured at amortised cost	以攤銷成本計量的金融資產	1,839,820	1,915,926
Prepaid sales related tax and other taxes	預付銷售相關稅金及其他稅金	347,173	325,193
Deposits and prepayments (c)	定金及預付款項(c)	1,526,084	1,657,600
		3,713,077	3,898,719

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13 TRADE AND OTHER RECEIVABLES (Cont'd)

- (a) The amounts due from joint ventures are unsecured, interest-free and have no fixed repayment terms. The Group has fully provided loss allowance on the amount due from a joint venture partner amounted to RMB19,613,000 in prior year (note 10).
- (b) The details on the other debtors, net of loss allowance are set out in below:

13 貿易及其他應收款項(續)

- (a) 應收合營公司款項的結餘為無抵押、免息及無固定還款期，本集團對應收合營公司的餘額已經於以前年度全額計提減值虧損撥備人民幣19,613,000元(附註10)。
- (b) 其他應收款項的(扣除虧損撥備)詳情載列如下：

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
Amounts due from controlling shareholders (i)	應收控股股東款項 (i)	–	798,158
Loans to the third parties (ii)	向第三方提供貸款(ii)	131,842	104,983
Amounts due from non-controlling interests (iii)	應收非控股權益款項(iii)	348,555	332,555
Amounts due from disposed subsidiaries (iv)	應收處置子公司款項(iv)	–	164,695
Consideration receivables from disposal of subsidiary (iv)	應收出售子公司對價款(iv)	14,538	29,810
Others	其他	1,025,519	133,795
		1,520,454	1,563,996

(i) As at 31 December 2021, amounts due from controlling shareholders are unsecured, interest-free and have no fixed repayment terms.

(ii) As at 30 June 2022, loans to the third parties are interest-bearing at weighted average rate of 15.23% per annum (31 December 2021: 16.17% per annum), unsecured and to be recovered within one year.

(iii) As at 30 June 2022 and 31 December 2021, amounts due from non-controlling interests represents advances to non-controlling interests recorded by the subsidiaries acquired by the Group upon the respective acquisitions.

(iv) As at 30 June 2022, the amount represented the consideration receivable from a connected person of the Company in relation to the disposal of 70% equity interest of Revere Effort Limited. The amount was fully recovered in August 2022.

As at 31 December 2021, the consideration receivables and the amounts due from disposed subsidiaries were fully recovered in January 2022.

(i) 於2021年12月31日，應收控股股東款項為無抵押、免息、無固定還款期限的款項。

(ii) 於2022年6月30日，向第三方提供的貸款以加權平均年利率15.23%(2021年12月31日：年利率16.17%)計息，無抵押担保且並可於一年內收回。

(iii) 於2022年6月30日和2021年12月31日，應收少數股東款項系本集團收購附屬公司時發生的對非控股權益的墊款。

(iv) 於2022年6月30日，該款項為出售敬業有限公司的70%股權於本公司關聯人士的應收對價款。該款項已在2022年8月份全數收回。

於2021年12月31日，應收出售子公司對價款和處置子公司款項已於2022年1月份全數收回。

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13 TRADE AND OTHER RECEIVABLES (Cont'd)

(c) The details on the deposits and prepayments are set out in below:

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
Deposits and prepayments for purchase of land use right	購買土地使用權定金及預付款	721,158	721,159
Deposits and prepayment for trading business	貿易業務定金及預付款	199,177	-
Deposits and prepayments for acquisition of development projects	收購開發項目定金及預付款	417,995	434,323
Others (note)	其他(附註)	187,754	502,118
		1,526,084	1,657,600

Note: As at 30 June 2022, other deposits and prepayments mainly included prepaid construction costs.

附註：於2022年6月30日，其他定金及預付款主要包括預付建設成本。

14 PLEDGED AND RESTRICTED CASH

Pledged to banks for certain mortgage facilities
Pledged for bills payables and discounted bills
Restricted cash (note)

就若干按揭融資而抵押予銀行
就應付票據和貼現票據抵押
受限制現金(附註)

30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
137,157	153,543
1,058,178	555,325
33,717	54,649
1,229,052	763,517

Note: As at 30 June 2022, restricted cash mainly represents bank deposits to secure the interest payments for certain bank loans requested by certain commercial banks in Mainland China and cash of RMB33,717,000 (31 December 2021: RMB46,500,000) frozen by banks due to pending litigation.

附註：於2022年6月30日，受限制現金主要指用於擔保中國內地商業銀行的銀行貸款利息支付的銀行存款，以及因未決訴訟被銀行凍結的資金人民幣33,717,000元(2021年12月31日：人民幣46,500,000元)。

13 貿易及其他應收款項(續)

(c) 定金及預付款項詳情載列如下：

14 已抵押及受限制現金

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15 CASH AND CASH EQUIVALENTS

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
Cash at bank and on hand	銀行存款及現金	687,485	1,373,314

15 現金及現金等值物

16 TRADE AND OTHER PAYABLES

Trade payables mainly represent amounts due to contractors. Payment to contractors is in installments according to progress and agreed milestones. The ageing analysis of trade and bills payables, based on due date, is as follows:

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
Due within 1 month or on demand	於1個月內到期或按要求償還	119,730	254,197
Due after 1 month but within 3 months	於1個月後但於3個月內到期	227,341	393,694
Due after 3 months but within 6 months	於3個月後但於6個月內到期	172,672	472,663
Due after 6 months	於6個月後到期	1,430,946	1,404,463
Trade and bills payables	貿易應付款項及應付票據	1,950,689	2,525,017
Other payables and accruals (a)	其他應付款項及應計費用(a)	1,384,238	3,056,728
Financial liabilities measured at amortised cost	以攤銷成本計量的金融負債	3,334,927	5,581,745
Deposits (b)	定金(b)	293,459	340,518
Receipts in advance	預收款項	54,024	25,620
		3,682,410	5,947,883

16 貿易及其他應付款項

貿易應付款項主要指應付承包商款項。應付承包商款項按進度及協定里程碑分期付款。貿易應付款項及應付票據按到期日期的賬齡分析如下：

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16 TRADE AND OTHER PAYABLES (Cont'd)

(a) The details of other payables and accruals are set out below:

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
Amounts due to the non-controlling interests (i)	應付非控股權益款項(i)	262,552	1,199,793
Amounts due to controlling shareholders (ii)	應付控股股東款項(ii)	221,960	1,027,468
Amounts due to the third parties (iii)	應付第三方款項(iii)	328,426	237,539
Other tax payables	其他應付稅款	134,349	229,365
Others (iv)	其他(iv)	436,951	362,563
		1,384,238	3,056,728

(i) Apart from the amount due to a non-controlling interest of RMB700,000,000 as at 31 December 2021, which is interest-free and repayable within one year. As at 30 June 2022 and 31 December 2021, the amounts due to non-controlling interests are unsecured, interest-free with no fixed repayment terms.

(ii) As at 30 June 2022 and 31 December 2021, amounts due to controlling shareholders are unsecured and interest-free with no fixed repayment terms.

(iii) As at 30 June 2022, apart from the amount due to a third party of RMB113,000,000 which are interest-bearing at 13.4% per annum (31 December 2021: RMB80,000,000 at 11% per annum), the amounts due to the third parties are unsecured, interest-free with no fixed repayment terms.

(iv) The balance mainly included earnest payments of RMB69,112,000 (31 December 2021: RMB84,748,000) from potential clients and advances from parking lots financing arrangement of RMB44,569,000 (31 December 2021: RMB44,400,000) which are pledged by parking lots held by subsidiaries of the Group.

16 貿易及其他應付款項(續)

(a) 其他應付款項及應計費用詳情載列如下：

(i) 除於2021年12月31日，應付非控股權益款項人民幣700,000,000元為免息並於一年內償還外。於2022年6月30日和2021年12月31日，應付非控股權益款項為無抵押、無息，無固定還款期限。

(ii) 於2022年6月30日和2021年12月31日，應付給控股股東款項為無抵押、無息，無固定還款期限。

(iii) 於2022年6月30日，除應付第三方款項人民幣113,000,000元按年利率13.4% (2021年12月31日：人民幣80,000,000元按11%)外，應付第三方款項為無抵押、無息，無固定還款期限。

(iv) 餘額主要包括潛在客戶支付的定金人民幣69,112,000元(2021年12月31日：人民幣84,748,000元)和由本集團附屬公司的車位抵押的車位融資款項人民幣44,569,000元(2021年12月31日：人民幣44,400,000元)。

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16 TRADE AND OTHER PAYABLES (Cont'd)

(b) The details of deposits are set out below:

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
Deposits for cooperative development of properties	項目發展合作保證金	293,459	271,557
Others	其他	-	68,961
		293,459	340,518

16 貿易及其他應付款項(續)

(b) 定金詳情載列如下：

17 BANK LOANS AND OTHER BORROWINGS

At 30 June 2022, the Group's bank loans and other borrowings are repayable as follows:

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
Bank loans	銀行貸款		
Current	流動		
Secured	有抵押		
- short-term bank loans and other borrowings	- 短期銀行貸款及其他借貸	60,050	60,000
- current portion of non-current bank loans and other borrowings	- 非流動銀行貸款及其他借貸的流動部分	586,312	471,631
		646,362	531,631
Non-current	非流動		
Secured	有抵押		
- repayable after 1 year but within 2 years	- 一年後但兩年內還款	1,594,121	793,353
- repayable after 2 years but within 5 years	- 兩年後但五年內還款	2,051,437	1,555,297
- repayable after 5 years	- 五年後還款	290,237	391,042
		3,935,795	2,739,692
		4,582,157	3,271,323

17 銀行貸款及其他借貸

於2022年6月30日，本集團的銀行貸款及其他借貸的償還情況如下：

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17 BANK LOANS AND OTHER BORROWINGS (Cont'd)

- (a) Certain banking facilities and borrowings of the Group are subject to the fulfilment of covenants relating to: (1) certain of the Group's operating subsidiaries' statement of financial position ratios; (2) restriction of profit distribution by certain of its operating subsidiaries; or (3) early repayment of principal to be triggered when 70% of the gross sellable area for the underlying property project are sold. These requirements are commonly found in lending arrangements with financial institutions. If the Group was to breach such covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants and communicates with its lenders as and when the directors foresee any non-compliance due to business needs.

At 30 June 2022 and 31 December 2021, none of bank loans of the Group were not in compliance with the imposed covenants.

(b) Bank loans guaranteed by related parties

As at 30 June 2022, bank loans of RMB1,080,400.00 (31 December 2021: RMB952,300,000) were jointly guaranteed by Cai Hongwen and Zeng Yunshu.

As at 30 June 2022, bank loans of RMB1,561,600,000 (31 December 2021: RMB1,337,600,000) were jointly guaranteed by Zengsheng, Zeng Yunshu and Junsheng Holdings.

As at 30 June 2022, bank loans of RMB98,200,000 (31 December 2021: RMB98,200,000) were jointly guaranteed by Zengsheng, Zeng Yunshu and RXHD Holdings.

As at 30 June 2022, bank loans of RMB52,362,281 (31 December 2021: RMB64,862,280) were jointly guaranteed by Wong Choi Hing and Wang Xianyu.

17 銀行貸款及其他借貸(續)

- (a) 本集團的若干銀行融資及借貸須待有關下列各項的契諾達成後，方會作實：(1) 本集團若干營運附屬公司的財務狀況比率指標；(2) 按其若干營運附屬公司分配股利限制；或(3) 當相關物業項目的可售總面積的70%被出售時須優先償還貸款行貸款。該等規定常見於與金融機構訂立的貸款安排。倘本集團違反有關限制，則已提取的融資將需於要求時償還。本集團定期監控其遵守該等限制的情況；且當董事預期由於業務需求導致無法遵守時，本集團會與貸款人溝通。

於2022年6月30日和2021年12月31日，概無本集團的銀行貸款未遵守所施加的限制被要求提前還款。

(b) 由關聯方擔保的銀行借款

截至2022年6月30日，銀行借款人民幣1,080,400,000元(2021年12月31日：人民幣952,300,000元)由蔡鴻文及曾雲樞共同擔保。

截至2022年6月30日，銀行借款人民幣1,561,600,000元(2021年12月31日：人民幣1,337,600,000元)，由曾勝、曾雲樞及君勝控股共同擔保。

截至2022年6月30日，銀行借款人民幣98,200,000元(2021年12月31日：人民幣98,200,000元)由曾勝、曾雲樞及瑞信海德集團共同擔保。

截至2022年6月30日，銀行借款人民幣52,362,281元(2021年12月31日：人民幣64,862,280元)由王再興、王顯玉共同擔保。

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17 BANK LOANS AND OTHER BORROWINGS (Cont'd)

- (c) Bank loans and other borrowings bear interest at a weighted average rate of 5.78% per annum as at 30 June 2022 (31 December 2021: 5.96% per annum), and are secured by the following assets:

17 銀行貸款及其他借貸(續)

- (c) 於2022年6月30日，銀行貸款及其他借貸的加權平均年利率為5.78%(2021年12月31日：5.96%)計息，並以下列資產作抵押：

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
Completed properties held for sale	待售已完工物業	470,593	464,158
Properties held for future development for sale	待售未來待開發物業	5,540,927	4,752,322
Investment properties (note 9)	投資物業(附註9)	1,081,846	1,150,900
Property, plant and equipment (note 8)	物業、廠房及設備(附註8)	361,561	359,293
		7,454,927	6,726,673

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18 SENIOR NOTES

18 優先票據

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
Current	流動		
US\$75 million senior notes due in 2022	2022年到期的75百萬美元 優先票據(i)	–	468,614
US\$75 million senior notes due in 2023	2023年到期的75百萬美元 優先票據(i)	491,634	–
		491,634	468,614
Non-current	非流動		
US\$303.62 million senior notes due in 2023	2023年到期的303.62百萬美元 優先票據		
– Tranche 1 (ii)	– 第一期(ii)	1,788,977	1,705,210
– Tranche 2 (iii)	– 第二期(iii)	181,118	172,638
		1,970,095	1,877,848
		2,461,729	2,346,462

(i) On 25 May 2021, the Company issued senior note with principal of US\$75,000,000 (equivalent to RMB483,480,000) at par with a coupon rate of 12% per annum. The net proceeds from the senior note, after deducting the transaction costs, of US\$73,500,000 (equivalent to RMB473,810,000) was received by the Company on 26 May 2021. This senior note has been exchanged to a new senior notes with no change in the principal amount and annual coupon rate but the maturity extended to May 2023. Interest expense on this senior note is calculated using the effective interest rate of 13.2% per annum.

(i) 於2021年5月25日，本公司發行本金75,000,000美元(折合人民幣483,480,000元)的優先票據，票面年利率為12%。本公司於2021年5月26日收到優先票據扣除交易費用後的淨收益73,500,000美元(折合人民幣473,810,000元)。該優先票據已於2022年5月交換為本金、年利率不變、到期日延長至2023年5月到期的新優先票據。該優先票據的利息費用按實際年利率13.2%計算。

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18 SENIOR NOTES (Cont'd)

- (ii) On 23 September 2021, the Company offered its 13.85% senior notes due December 2023 in an exchange offer to the existing holders of 14% senior notes due December 2021 (the “2021 Senior Notes”). Principal of US\$235,720,000 of the 2021 Senior Notes were successfully exchanged. Concurrently with the exchange offer, the Company made a new issue of additional 2023 Senior Notes (defined as below) with principal of US\$41,500,000, which, together with the US\$235,720,000 of the 2023 Senior Notes issued pursuant to the exchange offer, constitute an aggregate principal amount of US\$277,220,000, 13.85% 2023 Senior Notes (the “2023 Senior Notes”). The exchange offer and the concurrent new issue were completed on 12 October 2021, and the net proceeds from the new issuance, after deducting the transaction costs, of US\$41,384,000 (equivalent to RMB261,786,000) was received by the Company on 12 October 2021. Interest expense on the 2023 Senior Notes is calculated using effective interest rate of 15.15% per annum.

The Company had redeemed all the 2021 Senior Notes unexchanged on maturity on 19 December 2021.

- (iii) On 15 December 2021, the Company issued additional 2023 Senior Note with principal of US\$26,400,000 (equivalent to RMB168,210,000), which are consolidated and formed a single class with the 13.85% 2023 Senior Notes issued by the Company on 12 October 2021. The net proceeds from the additional 2023 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$27,078,000 (equivalent to RMB171,943,000) was received by the Company on 15 December 2021. Interest expense on the additional 2023 Senior Notes is calculated using the effective interest rate of 15.01% per annum.

18 優先票據(續)

- (ii) 於2021年9月23日，本公司以交換票約的形式向14%的2021年優先票據(「2021年優先票據」)持有人交換其2023年12月到期的13%優先票據。2021年優先票據中本金235,720,000美元(約80.3%)的部分已成功交換。在交換要約的同時，公司新發行了本金41,500,000美元的額外2023年優先票據(定義見下文)，並與根據交換要約發行的本金235,720,000美元的2023年優先票據構成總本金額為277,220,000美元、於2023年到期的13.85%2023年優先票據(「2023年優先票據」)，交換要約及增發已於2021年10月12日完成，而於扣除交易成本後的新發行所得款項41,384,000美元(相等於人民幣261,786,000元)由本公司於2021年10月12日收取。2023年優先票據的利息費用乃使用實際年利率15.15%計算。

本公司已於2021年12月19日贖回所有到期未交換的2021年優先票據。

- (iii) 2021年12月15日，本公司增發本金26,400,000美元(折合人民幣168,210,000元)的2023年優先票據，與本公司於2021年10月12日發行的13.85%的2023年優先票據綜合為單一類別。公司於2021年12月15日從增發的2023年優先票據中所得款項淨額(計入欠款利息並扣除交易費用後)為27,078,000美元(折合人民幣171,943,000元)。增發的2023年優先票據的利息費用按實際年利率15.01%計算。

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19 DEFERRED INCOME

19 遞延收入

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
At 1 January	於1月1日	259,268	349,119
Movement during the year	年內變動		
– Government grants received (i)	– 已收政府補助(i)	22,000	76,780
– Utilisation	– 已使用	(68,427)	(143,053)
– Disposal of subsidiaries	– 出售子公司	–	(23,578)
As at 30 June/31 December	於6月30日或12月31日	212,841	259,268

(i) Pursuant to the respective agreements between the Group and local governments, such grants are for subsidising the infrastructure construction of certain projects undertaken by certain subsidiaries of the Group.

(i) 根據本集團與當地政府簽訂的有關協議，該等補助是為補貼本集團的某些子公司所承建若干項目的基礎設施建設。

20 OTHER CURRENT LIABILITIES

Other current liabilities represent discounted bills which are pledged by cash deposit of the Group (see note 14) and will be expired within one year.

20 其他流動負債

其他流動負債指以現金存款進行質押(請參閱附註14)並於一年內到期的貼現票據。

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21 OTHER FINANCIAL LIABILITIES

21 其他金融負債

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
Financial liabilities measured at amortised cost (i)	以攤餘成本計量的金融負債(i)		
– amount due to a non-controlling interest	– 應付非控股權益款項	683,825	863,535
Financial liabilities measured at FVTPL (ii)	按公允值計量且其變動計入 當期損益的金融負債(ii)		
– estimated compensation payable	– 預計應付補償款	84,184	84,184
		768,009	947,719

(i) As at 30 June 2022, the amount due to a non-controlling interest with an aggregate principal amount of SGD142,942,000 (equivalent to RMB683,825,000) (31 December 2021: SGD186,206,000 (equivalent to RMB863,535,000)) is jointly guaranteed by the Company and two subsidiaries of the Group, interest-bearing from 12% to 15% and repayable after one year.

(ii) The Group estimated the compensation payable for additional land costs and relevant future tax expenses to be incurred to a previously wholly owned subsidiary, which was disposed to Beijing Sunac in 2019, currently a jointly venture of the Group (see note 10).

(i) 於2022年6月30日，應付非控股股東本金總額為142,942,000新元（相當於人民幣683,825,000元）（2021年12月31日：186,206,000新元（相當於人民幣863,535,000元））由本公司和集團內兩家附屬公司聯合擔保、計息率為12%至15%且償還期在一年以上的款項。

(ii) 本集團於2019年出售給原全資子公司（現為合營公司）（見附註10）給北京融創預計了應付土地償付款和相關未來稅費成本。

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22 DISPOSAL OF SUBSIDIARIES

The combined effects of such disposals on the Group's assets and liabilities are set out below :

22 出售子公司

該等出售對本集團資產和負債的綜合影響如下：

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	2,275
Investment properties	投資物業	-
Intangible assets	無形資產	775
Deferred tax assets	遞延所得稅資產	23,096
Other non-current asset	其他非流動資產	-
Inventories and other contract costs	存貨及其他合同成本	780,221
Trade and other receivables	貿易及其他應收款	815,291
Amounts due from the Group	應收本集團款項	59,395
Cash and cash equivalents	現金及現金等價物	182,237
Trade and other payables	貿易及其他應付款	(575,443)
Amounts due to the Group	應付本集團款項	(256,398)
Contract liabilities	合同負債	(460,750)
Current tax liabilities	當期應付稅款	(88,232)
Deferred income	遞延收益	-
Deferred tax liabilities	遞延所得稅負債	-
PRC statutory reserve	中國法定儲備	(49)
Non-controlling interest	非控股權益	(310,245)
Net assets attributable to the Group disposed of	處置歸屬於本集團的淨資產	172,173
Interest retained by the Group as an associate	作為本集團聯營公司的保留權益	(6,693)
Total considerations	總體對價	(168,114)
Net (gain)/loss on disposal of subsidiaries	出售子公司的淨(收益)/虧損	(2,634)
Analysis of net (outflow)/inflow of cash and cash equivalents in respect of the disposal of subsidiaries:	出售子公司的現金及現金等值物淨(流出)/流入分析：	
Total considerations	總體對價	168,114
Consideration to be recovered subsequent to period end (note 13)	於期末後收回的對價(見附註13)	14,538
Consideration received, satisfied in cash	以現金收回的對價	153,576
Cash and cash equivalents disposed of	處置減少的現金及現金等價物	(182,237)
Net cash (outflow) / inflow	淨現金(流出)/流入	(28,661)

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22 DISPOSAL OF SUBSIDIARIES (Cont'd)

- (a) On 16 February 2022, the Company entered into a share transfer agreement, pursuant to which, the Company has agreed to sell 70% equity interest of Revere Effort Limited (“Revere Effort”), which hold 51% interest in Jiangxi Hydo, at a consideration of HK\$33,000,000 (equivalent to RMB26,842,000) to a connected person of the Company. Upon completion of the disposal, Revere Effort becomes the Company’s associate and is no longer be a subsidiary of the Group.
- (b) On 3 March 2022, the Company entered into a share transfer agreement, pursuant to which, the Company has agreed to sell 100% equity interest of Well Harmony Enterprises Limited (“Well Harmony”), which hold 40% interest in Xishui Chuangmeng, at a consideration of HK\$151,135,000 (equivalent to RMB121,872,000). Upon completion of the disposal, Well Harmony is no longer be a subsidiary of the Group.
- (c) During the six months ended 30 June 2021, the Group did not have material disposal of subsidiaries.

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The Board has resolved not to declare any interim dividends for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil). No dividend was paid to equity shareholders attributable to the previous financial year, approved and paid during the interim period (six months ended 30 June 2021: Nil).

22 出售子公司(續)

- (a) 於2022年2月16日，本公司訂立股份轉讓協議。根據股份轉讓協議，本公司同意以港幣33,000,000元(等價人民幣26,842,000元)的對價出售敬業有限公司(「敬業」)70%的股權給本公司關聯人士，其中敬業持有江西毅德城置業有限公司51%的股權。出售完成後，敬業成為本公司的聯營公司，不再是本集團的附屬公司。
- (b) 於2022年3月3日，本公司訂立股份轉讓協議。根據股份轉讓協議，本公司同意以港幣151,135,000元(等價人民幣121,872,000元)的對價出售順和企業有限公司(「順和」)100%的股權，其中順和持有習水創盟房地產開發有限公司40%的股權。出售完成後，順和不再是本集團的附屬公司。
- (c) 於截至2021年6月30日止六個月期間，本集團沒有重大出售子公司。

23 股本、儲備及股息

(a) 股息

董事會決議不就截至2022年6月30日止六個月宣派任何中期股息(截至2021年6月30日止六個月：無)。並無上個財政年度應佔、於本中期期間批准及派付的權益股東獲派之股息(截至2021年6月30日止六個月：無)。

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23 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(b) Share capital

Authorised and issued share capital

		At 30 June 2022 於2022年6月30日		At 31 December 2021 於2021年12月31日	
		No. of shares 股份數目	Amount 金額	No. of shares 股份數目	Amount 金額
		'000 千股	HK\$'000 千港元	'000 千股	HK\$'000 千港元
Authorised:	法定：				
Ordinary shares of HK\$0.01 each	每股面值0.01港元的 普通股	8,000,000	80,000	8,000,000	80,000

Ordinary shares, issued and fully paid

		已發行及繳足普通股			
		Par value 面值	Number of shares 股份數目	Nominal value of ordinary shares 普通股面值	
		HK\$ 港元	'000 千股	HK\$'000 千港元	RMB'000 人民幣千元
At 30 June 2022 and 31 December 2021	於2022年6月30日和 2021年12月31日	0.01	4,537,354	45,374	36,598

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23 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(c) Equity settled share-based transactions

On 12 June 2020, the Group offered to grant share options to subscribe for a total of 175,400,000 shares of HK\$0.01 each in the capital of the Company to 5 directors and certain eligible employees. Based on the acceptance confirmation signed by grantees, 164,200,000 share options were accepted for nil consideration. Each option gives the holder the right to subscribe for one ordinary share of the Company and is settled gross in shares. The exercise price is HK\$0.5 per share.

On 7 December 2020, the Group offered to grant share options to subscribe for a total of 54,000,000 shares of HK\$0.01 each in the capital of the Company to 43 certain eligible employees. Based on the acceptance confirmation signed by grantees, 54,000,000 share options were accepted for nil consideration. Each option gives the holder the right to subscribe for one ordinary share of the Company and is settled gross in shares. The exercise price is HK\$0.5 per share.

On 19 January 2022, the Group offered to grant share options to subscribe for a total of 30,000,000 shares of HK\$0.01 each in the capital of the Company to an executive directors. Based on the acceptance confirmation signed by grantees, 30,000,000 share options were accepted for nil consideration. Each option gives the holder the right to subscribe for one ordinary share of the Company and is settled gross in shares. The exercise price is HK\$0.5 per share.

On 26 June 2022, the Group offered to grant share options to subscribe for a total of 30,000,000 shares of HK\$0.01 each in the capital of the Company to an executive directors. Based on the acceptance confirmation signed by grantees, 30,000,000 share options were accepted for nil consideration. Each option gives the holder the right to subscribe for one ordinary share of the Company and is settled gross in shares. The exercise price is HK\$0.5 per share.

23 股本、儲備及股息(續)

(c) 股權結算以股份為基礎的交易

於2020年6月12日，本集團根據購股權計劃向五名董事及若干符合資格的員工要約授出購股權，購股權可認購本公司股本中合共175,400,000股每股面值為0.01港元的股份。根據被授予對象簽署的接納確認函，164,200,000份無對價購股權獲接納。每份購股權都賦予持有人認購一股公司普通股的權利，並以股票總額結算。行權價為每股港幣0.5元。

於2020年12月7日，本集團根據購股權計劃向四十三名符合資格的員工要約授出購股權，購股權可認購本公司股本中合共54,000,000股每股面值為0.01港元的股份。根據被授予對象簽署的接納確認函，54,000,000份無對價購股權獲接納。每份購股權都賦予持有人認購一股公司普通股的權利，並以股票總額結算。行權價為每股港幣0.5元。

於2022年1月19日，本集團根據購股權計劃向一名符合資格的執行董事要約授出購股權，購股權可認購本公司股本中合共30,000,000股每股面值為0.01港元的股份。根據被授予對象簽署的接納確認函，30,000,000份無對價購股權獲接納。每份購股權都賦予持有人認購一股公司普通股的權利，並以股票總額結算。行權價為每股港幣0.5元。

於2022年6月22日，本集團根據購股權計劃向一名符合資格的執行董事要約授出購股權，購股權可認購本公司股本中合共30,000,000股每股面值為0.01港元的股份。根據被授予對象簽署的接納確認函，30,000,000份無對價購股權獲接納。每份購股權都賦予持有人認購一股公司普通股的權利，並以股票總額結算。行權價為每股港幣0.5元。

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23 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(c) Equity settled share-based transactions (Cont'd)

- (1) The terms and conditions of the options granted are as follows:

		Number of instruments 工具數量
Options granted on 12 June 2020		
	於2020年6月12日授予購股權數量	
– directors	– 董事	42,700,000
– employees	– 僱員	132,700,000
Vesting date 可行權日	Percentage of vested shares 歸屬股份百分比	Contractual life of options 購股權合同期限
1 April 2021 2021年4月1日	30%	12 months 12個月
1 April 2022 2022年4月1日	30%	24 months 24個月
1 April 2023 2023年4月1日	40%	36 months 36個月

		Number of instruments 工具數量
Options granted on 7 December 2020		
	於2020年12月7日授予購股權數量	
– employees	– 僱員	54,000,000
Vesting date 可行權日	Percentage of vested shares 歸屬股份百分比	Contractual life of options 購股權合同期限
1 April 2021 2021年4月1日	30%	6 months 6個月
1 April 2022 2022年4月1日	30%	18 months 18個月
1 April 2023 2023年4月1日	40%	30 months 30個月

23 股本、儲備及股息(續)

(c) 股權結算以股份為基礎的交易(續)

- (1) 所授予購股權的條款和條件如下：

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23 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(c) Equity settled share-based transactions (Cont'd)

				Number of instruments 工具數量
Options granted on 19 January 2022		於2022年1月19日授予購股權數量		
– director		– 董事		30,000,000
Vesting date 可行權日	Percentage of vested shares 歸屬股份百分比	Contractual life of options 購股權合同期限		
1 April 2022 2022年4月1日	30%	5 months 5個月		
1 April 2023 2023年4月1日	30%	17 months 17個月		
1 April 2024 2024年4月1日	40%	29 months 29個月		
				Number of instruments 工具數量
Options granted on 26 June 2022		於2022年6月26日授予購股權數量		
– director		– 董事		30,000,000
Vesting date 可行權日	Percentage of vested shares 歸屬股份百分比	Contractual life of options 購股權合同期限		
1 April 2023 2023年4月1日	30%	12 months 12個月		
1 April 2024 2024年4月1日	30%	24 months 24個月		
1 April 2025 2025年4月1日	40%	36 months 36個月		

23 股本、儲備及股息(續)

(c) 股權結算以股份為基礎的交易(續)

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23 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(c) Equity settled share-based transactions (Cont'd)

- (2) The number and the exercise price of share option are as follows:

		Exercise price 行使價	Number of share options 購股權數目
Outstanding at 1 January 2022	於2022年1月1日未行使	HK\$0.5港元	123,200,000
Granted	授予	HK\$0.5港元	60,000,000
Lapsed	失效	HK\$0.5港元	(88,030,000)
Outstanding at 30 June	於6月30日未行使	HK\$0.5港元	95,170,000
Exercisable at 30 June	於6月30日可行使	HK\$0.5港元	27,930,000

No options were exercised during the six months ended 30 June 2022.

23 股本、儲備及股息(續)

(c) 股權結算以股份為基礎的交易(續)

- (2) 購股權的數目和行使價如下：

截至2022年6月30日止六個月裡，沒有任何購股權被行使。

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

(a) Financial instruments measured at fair value

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: 第一級估值：	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date 僅使用第一級輸入的公允值即在活躍市場中於計量日期的相同資產或負債的未調整報價
Level 2 valuations: 第二級估值：	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available 使用第二級輸入測量的公允值，即不能滿足第一級的可觀察輸入值，而不使用顯著的不可觀察輸入值。不可觀察的輸入值是市場數據不可用的輸入值
Level 3 valuations: 第三級估值：	Fair value measured using significant unobservable inputs 公允值使用顯著的不可觀察輸入值進行測量

24 金融工具公允值計量

(a) 按公允值計量的金融工具

下表呈列於報告期末以經常性準則計量的金融工具公允值，並按國際財務報告準則第13號「公允值計量」所界定分類為三個公允值級別。公允值計量是參考以下所列估值方法所使用的輸入數據可觀察性及重要性而分類及釐定其級別：

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24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Financial instruments measured at fair value (Cont'd)

	Fair value at 30 June 2022 於2022年 6月30日的 公允值 RMB'000 人民幣千元	Fair value measurements as at 30 June 2022 categorised into 2022年6月30日分類為以下級別的 公允值計量		Fair value at 31 December 2021 於2021年 12月31日 的公允值 RMB'000 人民幣千元	Fair value measurements as at 31 December 2021 categorised into 2021年12月31日分類為以下級別的 公允值計量	
		Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元		Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元
Recurring fair value measurements Financial assets:						
- Wealth management products	710	710	-	10	10	-
- Unlisted equity investments not held for trading	4,180	-	4,180	4,180	-	4,180
Financial liability:						
- Other financial liabilities	(84,184)	-	(84,184)	(84,184)	-	(84,184)

During the six months ended 30 June 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (year ended 31 December 2021: Nil). The Group's policy is to recognise transfers between levels and fair value hierarchy as at the end of the reporting period in which they occur.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2022 and 31 December 2021.

(b) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of derivative financial instruments in Level 2 is the estimated amount that the Group would receive or pay to terminate the option at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the option counterparties.

(c) Information about Level 3 fair value measurements

The fair value of unlisted equity instruments is determined using the price/earning ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

24 金融工具公允值計量(續)

(a) 按公允值計量的金融工具(續)

	Fair value at 30 June 2022 於2022年 6月30日的 公允值 RMB'000 人民幣千元	Fair value measurements as at 30 June 2022 categorised into 2022年6月30日分類為以下級別的 公允值計量		Fair value at 31 December 2021 於2021年 12月31日 的公允值 RMB'000 人民幣千元	Fair value measurements as at 31 December 2021 categorised into 2021年12月31日分類為以下級別的 公允值計量	
		Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元		Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元
Recurring fair value measurements Financial assets:						
- Wealth management products	710	710	-	10	10	-
- Unlisted equity investments not held for trading	4,180	-	4,180	4,180	-	4,180
Financial liability:						
- Other financial liabilities	(84,184)	-	(84,184)	(84,184)	-	(84,184)

於截至2022年6月30日止六個月期間，第一級、第二級及第三級無轉讓(截至2021年6月30日止六個月期間：無)。本集團的政策為於轉讓產生即期報告期末確認公允值階級當中級別間的轉讓。

本集團按攤銷成本列賬的金融工具賬面值與其於2022年6月30日及2021年12月31日的公允值並無重大差異。

(b) 第二級公允值計量所用的估值方法及輸入數據

第二級衍生金融工具的公允值為本集團於報告期末為終止權利將收到或結付的估值，考慮當前利率和期權交易對手的當前信貸評級。

(c) 有關第三級別的公允值計量之資料

非上市股權工具的公允值以可比上市公司的價格/盈利比率判斷，為欠缺市場流通性而作出的折讓而調整。公允值的計量與就欠缺市場流通性作出的折讓成反比。

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24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(c) Information about Level 3 fair value measurements (Cont'd)

The fair value of amount due from an associate measured at FVTPL and other financial liability are determined using future estimated cash flow to be recovered/paid, future profit forecast of the disposal entity, development progress and applicable discount rate.

The movement during the period in the balance of Level 3 fair value measurements is as follows:

24 金融工具公允值計量(續)

(c) 有關第三級別的公允值計量之資料(續)

按公允值計量且其變動計入當期損益的應收聯營公司款項的公允值及其他金融負債乃使用將予收回／支付的未來估計現金流、出售實體的未來利潤預測及適用折現率釐定。

期內第三級別公允值計量結餘變動情況如下：

		Six months ended 30 June	
		截至6月30日止六個月	
		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Financial assets measured at Level 3 fair value:	按第三級別公允價值衡量的金融資產：		
At 1 January	於1月1日	4,180	337,888
Net unrealized gains recognized in Profit or loss during the period	期內於損益確認的未變現收益淨額	-	3,933
At 30 June	於6月30日	4,180	341,821
Financial liabilities measured at Level 3 fair value:	按第三級別公允價值衡量的金融負債：		
At 1 January	於1月1日	84,184	78,333
Net unrealised loss recognised in profit or loss during the period	期內於損益確認的未變現虧損淨額	-	5,851
At 30 June	於6月30日	84,184	84,184
Total net (loss)/gain for the period included in profit or loss for assets and liabilities held at the end of the reporting period	就於報告期末持有的資產和負債計入損益的期內(虧損)／收益總額	-	(1,918)

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24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(d) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments which are carried at cost or amortised cost are not materially different from their fair values as at 30 June 2022 and 31 December 2021.

25 COMMITMENTS

Capital commitments outstanding at 30 June 2022 contracted but not provided for in the financial statements were as follows:

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
Construction and development contracts	建設及發展合約	4,585,449	5,000,054
Land agreements	土地合同	251,550	251,550
		4,836,999	5,251,604

26 CONTINGENT LIABILITIES

Guarantees

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owned by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyer.

24 金融工具公允值計量(續)

(d) 並非按公允值列賬的金融資產及負債的公允值

本集團按成本或攤銷成本列賬的金融工具賬面值與其於2022年6月30日及2021年12月31日的公允值並無重大差異。

25 承擔

於2022年6月30日，本集團就物業發展開支的已訂約但未撥備的資本承擔如下：

26 或然負債 擔保

本集團為若干銀行就本集團物業買方所訂立的按揭貸款而授出的按揭融資提供擔保。根據擔保條款，倘該等買方拖欠按揭付款，則本集團須負責償還欠負的按揭貸款連同違約買方應付予銀行的任何應計利息及罰款。本集團的擔保期由相關按揭貸款授出日期起，直至買家取得個別房產證及全數繳付按揭貸款(以較早者為準)時止。

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26 CONTINGENT LIABILITIES (Cont'd)

Guarantees (Cont'd)

The maximum amounts of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at the end of each reporting period is as follows:

		30 June 2022 2022年 6月30日 RMB'000 人民幣千元	31 December 2021 2021年 12月31日 RMB'000 人民幣千元
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	就本集團物業買方獲授的按揭融資而向銀行作出的擔保	3,138,400	3,243,670

The directors consider that it is not probable that the Group will sustain a loss under these guarantees as the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors of the Company also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors of the Company.

26 或然負債(續)

擔保(續)

於各報告期末就本集團物業買方獲授的按揭融資而向銀行作出的最大擔保金額如下：

董事認為，由於本集團可接管相關物業的所有權並出售有關物業，以收回本集團向銀行支付的任何金額，因此本集團不大可能因該等擔保而遭致虧損。本公司董事亦認為，倘買方拖欠償還銀行付款，則相關物業的公允市值能彌補本集團所擔保的未償還按揭貸款。

由於本公司董事認為該等擔保的公允值極低，故本集團並未就該等擔保確認任何遞延收入。

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27 MATERIAL RELATED PARTY TRANSACTIONS

Except for the amounts due from/to related parties, bank loans guaranteed by related parties, and disposal of a subsidiary to a related party as set out in notes 13, 16, 17 and 22, the other material related party transactions are disclosed as follows:

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors are as follows:

27 重大關聯方交易

除載於附註13、16、17和22應收／應付關聯方款項、由關聯方擔保的銀行貸款、及出售附屬公司予關聯方外，其他重大關聯方交易披露如下：

主要管理人員薪酬

本集團主要管理人員薪酬包括向本公司董事支付的金額，載列如下：

		Six months ended 30 June	
		截至6月30日止六個月	
		2022	2021
		2022年	2021年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Wages, salaries and other benefits in kind	工資、薪金及其他實物福利	7,544	11,358
Contribution to defined contribution retirement plans	定額供款退休計劃	97	138
		7,641	11,496



Independent auditor's report to the shareholders of Guangdong – Hong Kong Greater Bay Area Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Guangdong – Hong Kong Greater Bay Area Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 78 to 228, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (“the Code”) together with any ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

致粵港灣控股有限公司列位股東的獨立核數師報告

(於開曼群島註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審核列載於第78至228頁的粵港灣控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的合併財務報表，此財務報表包括於2021年12月31日的合併財務狀況表與截至該日止年度的合併損益表、合併損益及其他全面收益表、合併權益變動表和合併現金流量表，以及合併財務報表附註，包括主要會計政策概要。

我們認為，該等合併財務報表已根據國際會計準則理事會頒佈的《國際財務報告準則》真實而中肯地反映了貴集團於2021年12月31日的合併財務狀況及截至該日止年度的合併財務表現及合併現金流量，並已遵照香港《公司條例》的披露要求妥為擬備。

意見的基礎

我們已根據香港會計師公會頒佈的《香港審核準則》進行審核。我們在該等準則下承擔的責任已在本報告「核數師就審核合併財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)以及與我們對開曼群島合併財務報表的審核相關的道德要求，我們獨立於貴集團，並已履行這些道德要求以及守則中的其他專業道德責任。我們相信，我們所獲得的審核憑證能充足及適當地為我們的審核意見提供基礎。

關鍵審核事項

關鍵審核事項是根據我們的專業判斷，認為對本期合併財務報表的審核最為重要的事項。這些事項是在我們審核整體合併財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

Valuation of investment properties 投資物業的估值	
Refer to note 11 to the consolidated financial statements and the accounting policies on note 1(i). 請參閱合併財務報表附註11及附註1(i)的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
<p>As at 31 December 2021, the Group held a portfolio of investment properties located in Jiangxi, Guangxi, Shandong, Guangdong and Hunan provinces in Mainland China with an aggregate fair value of RMB2,750,900,000 which accounted for 12% of the Group's total assets at that date. The investment properties principally comprise commercial trade logistics centers.</p> <p>於2021年12月31日，貴集團持有位於中國內地江西、廣西、山東、廣東及湖南省的投資物業組合，總值為人民幣2,750,900,000元，佔貴集團資產總值的12%。投資物業主要包括商貿物流中心。</p> <p>The net fair value loss of investment properties recorded in the consolidated statement of profit or loss represented 2.7% of the Group's loss before taxation for the year ended 31 December 2021.</p> <p>於合併損益表中所錄得的投資物業公允值虧損相當於貴集團截至2021年12月31日止年度之除稅前虧損之2.7%。</p>	<p>Our audit procedures to assess the valuation of investment properties included the following: 我們對評估投資物業的估值採取的審核程序包括：</p> <ul style="list-style-type: none"> obtaining and inspecting the valuation reports prepared by the external property valuers engaged by management and on which the directors' assessment of the fair values of investment properties was based; 取得並檢查由管理層委聘的外部物業估值師所編製且作為董事對投資物業的公允值作出評估的基準的估值報告； assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity and independence; 評估外部物業估值師對所估值物業的資歷、經驗和專業知識，並考慮其客觀性和獨立性；

<p>Valuation of investment properties 投資物業的估值</p>	
<p>Refer to note 11 to the consolidated financial statements and the accounting policies on note 1(i). 請參閱合併財務報表附註11及附註1(i)的會計政策。</p>	
<p>The key audit matter 關鍵審計事項</p>	<p>How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項</p>
<p>The fair values of the investment properties as at 31 December 2021 were assessed by the directors based on independent valuations prepared by a firm of qualified external property valuers. The determination of these fair values involves significant judgement and estimation, particularly in relation to selecting the appropriate valuation methodology, capitalisation rates, market rents and average market price of the comparable properties.</p> <p>投資物業於2021年12月31日的公允值乃由董事基於一間合資格外部物業估值師編製的獨立估值而評估。對該等公允值的確定涉及重大判斷及估計，特別與選用適當的估值方法、資本化比率、可資比較物業的市場租金及平均市價有關。</p> <p>We identified the valuation of investment properties as a key audit matter because of the inherent risks involved in estimating the valuations of investment properties, particularly in light of the current economic circumstances.</p> <p>我們識別出投資物業的估值作為關鍵審核事項，因為估計投資物業的估值涉及的固有風險，特別是鑑於當前的經濟環境，管理層需要行使判斷。</p>	<ul style="list-style-type: none"> • with the assistance of our internal property valuation specialists, discussing with the external property valuers their valuation methodology and the key estimates and assumptions adopted in their valuations; • 在我們的內部物業估值專家協助下，與外部物業估值師討論他們的估值方法以及估值採用的主要估計和假設； • challenging the key estimates and assumptions (including capitalisation rates, prevailing market rents and comparable market transactions) adopted in the valuations, on a sample basis, by comparison with available market data; and • 通過與現有市場數據進行比較，質疑估值中採用的主要估計和假設(包括資本化比率、現行市場租金和可比較市場交易)；及 • comparing tenancy information, including committed rents and occupancy rates, provided by the Group to the external property valuers with underlying contracts and related documentation, on a sample basis. • 通過抽樣的方式，將租賃信息，包括承諾的租金和入住率，與貴集團提供給外部物業估值師的基本合同和相關文件進行對比。

Assessing the net realisable value of inventories 評估存貨的可變現淨值	
Refer to note 18 to the consolidated financial statements and the accounting policies on note 1(n). 請參閱合併財務報表附註18及附註1(n)的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
<p>As at 31 December 2021, the aggregate carrying value of the Group's properties held for development ("PHD"), properties under development ("PUD") and completed properties held for sale (together "inventories") totalled RMB13,892,948,000. These principally comprise wholesale trading market units and other commercial and residential units in Dongguan, Renhuai, Shenzhen, Xingning, Ganzhou, Lanzhou, Jining and Yantai.</p> <p>於2021年12月31日，貴集團的持作發展物業（「持作發展物業」）、在建物業（「在建物業」）及待售已完工物業（統稱「存貨」）的總賬面值合共為人民幣13,892,948,000元。該等存貨主要包括於東莞、仁懷、深圳、興寧、贛州、蘭州、濟寧和煙台的獨立交易展示區單元及其他商業或住宅單元。</p> <p>Inventories are stated at the lower of cost and net realisable value. The calculation of the net realisable value for each property development project at the financial reporting date is performed by the management.</p> <p>存貨以成本與可變現淨值的較低者列值。各個物業開發項目於財政報告日的可變現淨值由管理層計算。</p>	<p>Our audit procedures to assess the net realisable value of inventories included the following:</p> <p>我們評估存貨的可變現淨值採取的審核程序包括：</p> <ul style="list-style-type: none"> assessing the design, implementation and operating effectiveness of key internal controls over the preparation and monitoring of management budgets and forecasts of construction and other costs for each property development project; 評估就編製及監察各個物業開發項目的預算管理、建築及其他成本的預測進行的主要內部控制，在設計、實施和運作上的有效性； conducting site visits to property development sites, on a sample basis, and discussing with management the progress of each property development project and the development budgets reflected in the latest forecasts for each property development project; 以抽樣方式對物業開發用地進行實地視察，並與管理層討論各個物業開發項目的進度及反映於各個物業開發項目最新預測的發展預算； evaluating the valuation methodologies and challenging the key estimates and assumptions adopted in the valuations, including expected future selling prices, by comparing expected future selling prices to, where available, recently transacted prices for similar properties and the prices of comparable properties located in the nearby vicinity of each development; 透過將預期未來銷售價格與在適用情況下所獲近期類似物業的交易價格及位於各個發展項目類近地區的可比較物業價格作比較，評估估值方法，並對估值中採用的主要估計及假設（包括預期未來銷售價格）提出質疑；

<p>Assessing the net realisable value of inventories 評估存貨的可變現淨值</p>	
<p>Refer to note 18 to the consolidated financial statements and the accounting policies on note 1(n). 請參閱合併財務報表附註18及附註1(n)的會計政策。</p>	
<p>The key audit matter 關鍵審計事項</p>	<p>How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項</p>
<p>The calculation of the net realisable value of inventories involves significant management judgement and estimation in preparing the updated estimations of the costs to complete each property development project for PHD and PUD as well as in assessing the expected future selling prices for each property development project (with reference to recent sales transactions in nearby locations and the rates of new property sales) and the estimated future selling costs (including price discounts which may be required to stimulate sales). 編製持作發展物業及在建物業各個物業開發項目竣工成本的最新估計，以及評估各個物業開發項目的預期未來售價(參考毗鄰地段近期的銷售交易及新物業銷售率)及估計未來銷售成本(包括促進銷售可能需要的價格折扣)時，計算存貨的可變現淨值涉及重大管理層判斷與估計。</p> <p>We identified assessing the net realisable value of inventories of the Group as a key audit matter because of the inherent risks involved in estimating net realisable values, particularly in light of the current economic circumstances and various property market cooling measures implemented by local governments in various cities across Mainland China. 由於估計可變現淨值涉及的固有風險，特別是現時中國內地各個城市的經濟狀況及當地政府推行的各項樓市降溫措施，故我們確定評估 貴集團存貨的可變現淨值屬關鍵審核事項。</p>	<ul style="list-style-type: none"> • for those properties held for future development and properties under development for sale, discussing with management, on a sample basis, the development progress and challenging management's development budgets with reference to signed construction contracts and/or unit construction costs of recently completed projects developed by the Group; and • 對於未來發展以及正在開發銷售的物業，與管理層討論最新的發展進度，以及在抽樣的基礎上，參考本集團最近完成項目簽訂的建築合約及／或單位建造成本，與管理層的發展預算相比較；及 • assessing the sensitivity analyses prepared by management to determine the extent of changes in key estimates and assumptions that, either individually or collectively, adopted in assessing net realisable value, may result in material misstatements in inventories and considering the likelihood of such a movement in those key estimates and assumptions arising and the potential for management bias in their selection. • 評估管理層進行敏感性分析，以確定主要估計將導致存貨發生重大錯報的變動程度，並考慮該等重要估計及假設出現變動的可能性和選擇上出現管理偏差的潛在性。

Impairment loss on interest in a joint venture operated in Thailand 在泰國經營的合營企業的權益減值虧損	
Refer to note 13 to the consolidated financial statements and the accounting policies on note 1(e). 請參閱合併財務報表附註13及附註1(e)的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
<p>As at 31 December 2021, the Group's interests in joint ventures included an interest in a joint venture engaged in property development in Thailand ("Thailand Joint Venture") with carrying amount of RMB124,040,000.</p> <p>截至2021年12月31日，本集團於合營企業的權益投資包括在泰國從事物業發展的合營企業（「泰國合營企業」）的權益，其賬面值為人民幣124,040,000元。</p> <p>As in previous years, Thailand Joint Venture was unable to get reimbursement from the third party joint venture partner of the cost of certain pieces of land which were returned to the original vendor by the order of the court. In addition, the joint venture partner was obligated to repurchase certain shares in Thailand Joint Venture held by the Group but failed to do so within the specified time frame which remained the case at 31 December 2021. As agreed, if the joint venture partner fails to fulfil its share repurchase obligation within a specified time frame, the Group has the right to obtain the land pieces still held by Thailand Joint Venture. In 2019, the Group brought a lawsuit against the joint venture partner in this regard.</p> <p>與以往年度一樣，泰國合營企業無法從第三方合營夥伴獲得由於法院命令已返還給原賣方的土地的相應成本賠償。此外，該合營夥伴有義務從本集團購回持有的泰國合營企業的若干股份，但未能按時履行其回購責任。這種情況在2021年12月31日依然存在。按照所商定的，若合資夥伴未能在規定的時間內履行其股份回購義務，則本集團有權獲得泰國合營企業仍持有的土地。2019年，本集團就此起訴該合資夥伴。</p>	<p>Our audit procedures to assess the impairment loss on interest in Thailand Joint Venture included the following:</p> <p>我們審計泰國合營企業減值損失的審計程序包括以下內容：</p> <ul style="list-style-type: none"> obtaining and inspecting the legal opinion issued by the Group's external legal counsel in respect of: (a) the Group's right to collect consideration from the share repurchase or to apply public auction of the land pieces still held by Thailand Joint Venture as the joint venture partner has failed to fulfil its share repurchase obligation within the specified time frame, and (b) the progress of the litigation and probable outcomes of the lawsuit brought against the joint venture partner in 2021; 獲取及檢查本集團外部法律顧問發出的法律意見，該意見關於：(a)因為合營夥伴未能在規定的時間內履行其股份回購義務，本集團有權收取股份購回的代價或者申請公開拍賣泰國合營企業尚持有的土地；及(b)2021年起訴合營夥伴的訴訟進展及該訴訟最可能的結果； obtaining and inspecting the valuation report prepared by the external valuers engaged by management and on which the directors' assessment of the fair values of the land pieces still held by Thailand Joint Venture was based; 獲取及檢查由管理層聘請的外部估值師編製的估值報告，並由董事對泰國合營企業仍持有的土地的公允價值作出評估；

Impairment loss on interest in a joint venture operated in Thailand 在泰國經營的合營企業的權益減值虧損	
Refer to note 13 to the consolidated financial statements and the accounting policies on note 1(e). 請參閱合併財務報表附註13及附註1(e)的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
<p>The directors expect that the Group will be able to recover part of its interest in Thailand Joint Venture by applying public auction of the land pieces still held by Thailand Joint Venture based on the legal opinion obtained from an external legal counsel. With reference to the fair value of these land pieces which were assessed by the Group's directors based on a valuation report prepared by external valuers the Group did not make further provision for impairment loss on the interest in Thailand Joint Venture and the amount due from the joint venture during 2021 and the accumulated provision amounted to RMB39 million at 31 December 2021.</p> <p>根據從外部法律顧問處獲得的法律意見，董事預期本集團將能夠申請公開拍賣泰國合營企業仍持有的土地，以收回其在泰國合營企業的部分投資。本集團董事根據外部估值師編製的估值報告評估該等土地的公允價值，本集團於2021年就泰國合營企業的權益投資及應收泰國合營企業款項沒有進一步作出減值虧損撥備，於2021年12月31日，累計撥備共計人民幣39百萬元。</p> <p>We identified assessing the impairment loss on the interest in Thailand Joint Venture as a key audit matter because of the exercise of management judgement in estimating the amount to be recovered from the Group's interest in Thailand Joint Venture.</p> <p>我們確定評估於泰國合營企業的權益的減值損失是一項關鍵審計事項，因為在估計本集團於泰國合營企業的權益的可收回金額時行使了管理層判斷。</p>	<ul style="list-style-type: none"> • assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity and independence; • 評估外部房產估價師對被評估房產的資格，經驗和專業知識，並考慮其客觀性和獨立性； • with the assistance of our internal property valuation specialists, discussing with the external valuers their valuation methodology and the key estimates and assumptions adopted in their valuations; • 在內部資產評估專家的協助下，與外部評估師討論估價方法和其在估值時所採用的關鍵估計和假設； • challenging the key estimates and assumptions (including comparable information and adjustments) adopted in the valuations by comparison with available market data and/or government produced market statistics; and • 通過與現有市場數據和/或政府生產的市場統計數據進行比較，對估值中採用的關鍵估計和假設(包括可比信息和調整)提出質疑；及 • assessing the adequacy of the Group's disclosures of impairment loss on interest in Thailand Joint Venture in the consolidated financial statements with reference to the requirements of the prevailing accounting standards. • 根據現行會計準則的要求，評估本集團在合併財務報表中針對泰國合營企業的權益減值虧損的披露是否充分。

<p>Provision for land appreciation tax ("LAT") in Mainland China 中國內地土地增值稅(「土地增值稅」)撥備</p>	
<p>Refer to note 6 to the consolidated financial statements and the accounting policies on note 1(u). 請參閱合併財務報表附註6及附註1(u)的會計政策。</p>	
<p>The key audit matter 關鍵審計事項</p>	<p>How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項</p>
<p>LAT in Mainland China is one of the main components of the Group's taxation charge. 中國內地的土地增值稅是 貴集團稅務支出的主要組成部分之一。</p> <p>LAT is levied on sale of properties, at progressive rates ranging from 30% to 60% based on the appreciation of land value. At the end of each financial reporting period, management estimates the provision for LAT based on its understanding and interpretation of the relevant tax rules and regulations, the estimated total sales of properties less total deductible expenditure, which includes lease charges for land use rights, property development costs, borrowing costs and development expenditure. When the LAT is subsequently determined, the actual payments may be different from the estimates.</p> <p>貴集團銷售開發的房地產需要就土地增值額按照超率累進稅率30%–60%繳納土地增值稅。在每個財務期末，管理層需要對土地增值稅的計提金額進行估算，在作出估算的判斷時，主要考慮的要素包括相關稅務法律法規的規定和解釋，預計的銷售房地產取得的收入減去預計可扣除的土地成本、房地產開發成本、利息費用、開發費用等。貴集團在土地增值稅匯算清繳時，實際應付稅金可能與 貴集團預估的金額存在差異。</p> <p>We identified provision for LAT in Mainland China as a key audit matter because of its significance to the consolidated financial statements and because the estimated provisions for LAT are based on management's judgement and interpretation of complicated tax laws and regulations.</p> <p>由於土地增值稅的計提對合併財務報表的重要性，且管理層作出估計時的判斷包括對相關稅務法律法規和實務做法的理解等要素，因此我們將土地增值稅的計提識別為 貴集團關鍵審計事項。</p>	<p>Our audit procedures to assess the provision for LAT in Mainland China included the following: 我們評估中國內地土地增值稅撥備採取的審核程序包括：</p> <ul style="list-style-type: none"> assessing the design, implementation and operating effectiveness of management's key internal controls over the calculation of the estimated LAT provisions; 評估管理層關於計算估計土地增值稅撥備的關鍵內部控制的設計、實施和運營有效性； engaging our internal taxation specialists to evaluate the Group's LAT provisions, on a sample basis, as at 31 December 2021 which involved challenging management's assumptions and judgements based on our experience, knowledge and understanding of the practices of the application of the relevant tax laws by the various local tax bureaus; 聘請內部稅務專家評估 貴集團於2021年12月31日的土地增值稅撥備，包括根據我們的經驗、知識和對各地方稅務局應用相關稅法常規的理解，對管理層的假設和判斷提出質疑； evaluating management's assumptions and judgements based on our assessment of the value of the estimated sales of properties and the deductible expenditure; and 根據我們對物業估計銷售價值和可扣除開支的評估，質疑管理層的假設及判斷；及 re-calculating the provision for LAT of the Group and comparing our calculations with the amounts recorded by the Group. 重新計算 貴集團的土地增值稅撥備，並將我們的計算與 貴集團記錄的金額進行比較。

Assessment of the Group's ability to continue as a going concern 評核 貴集團的持續經營能力	
Refer to note 1(b) to the consolidated financial statements. 請參閱合併財務報表附註1(b)。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審計時如何處理關鍵審計事項
<p>During the year ended 31 December 2021, the Group experienced net cash used in operating activities of RMB3,548.1 million. As at 31 December 2021, the Group had net current assets of RMB7,732.3 million. However, significant current assets were development properties with a carrying amount of RMB13,892.9 million, which will not be recovered in full within one year. The Group had current loans and current senior notes of RMB1,000.2 million which will be due in 2022 and capital commitments of RMB5,251.6 million.</p> <p>截至2021年12月31日止年度，貴集團的經營活動所得現金淨額為人民幣3,548.1百萬元。於2021年12月31日，貴集團的流動資產淨值為人民幣7,732.3百萬元。然而，大部分流動資產為發展物業，賬面價值為人民幣13,892.9百萬元，將不會於一年內悉數收回。貴集團的即期借款及即期優先票據合計人民幣1,000.2百萬元將於2022年到期，而資本承擔則為人民幣5,251.6百萬元。</p>	<p>Our audit procedures to assess 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 included the following:</p> <p>我們用以評核有關是否存在可能會令 貴集團的持續經營能力產生重大疑慮的事件及狀況的審計程序包括以下程序：</p> <ul style="list-style-type: none"> • assessing and challenging the key assumptions in the cash flow forecasts (including sales volumes, average selling prices, development costs, operating expenses, finance costs and tax charges) with reference to historical information, market information and future plans; • 參考過往資料、市場資料及未來計劃，質疑現金流量預測的主要假設(包括銷量、平均售價、開發成本、經營開支、融資成本及稅項開支)； • considering the accuracy and reliability of cash flow forecasts made by management in prior years by comparing them with the current year's results; • 考慮管理層於過往年度所作現金流量預測的準確性及可靠性，方式為將該等現金流量預測與本年度業績進行比較； • assessing the availability of banking and other financing facilities and arrangements by inspecting underlying documentation, which included banking facility agreements signed before and after the reporting period end, and assessing the impact of any covenants and other restrictive terms therein; • 通過查看相關文件(包括報告期末前後簽訂的銀行授信協議)，評估銀行及其他融資額度及安排的可用性，並評估受任何契約及其隨附的其他限制性條款的影響；

Assessment of the Group's ability to continue as a going concern 評核 貴集團的持續經營能力	
Refer to note 1(b) to the consolidated financial statements. 請參閱合併財務報表附註1(b)。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審計時如何處理關鍵審計事項
<p>The directors of the Company made their assessment of the Group's ability to continue as a going concern by preparing a cash flow forecast in which certain key assumptions were applied. These key assumptions included forecasts of sales volumes, average selling prices, development costs, operating expenses, finance costs and tax charges, as well as the ability of the Group to obtain or renew bank loans and other financing facilities to finance its continuing operations. In addition, the controlling shareholders agreed not to request settlement of amount due to them by the Group within at least twelve months from 31 December 2021 should the Group be unable to settle other liabilities of the Group. Based on the assessment, the directors concluded that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.</p> <p>貴公司董事評核 貴集團持續經營能力的方式為編製現金流量預測，當中應用若干主要假設。該等主要假設包括對銷量、平均售價、開發成本、經營開支、融資成本及稅項開支，以及 貴集團能否取得或重續銀行貸款及其他融資額度以為持續經營提供資金的預測。此外，控股股東同意在 貴集團無法清償 貴集團其他負債的情況下，自2021年12月31日起至少十二個月內，不要求 貴集團清償其應付款項。根據評核，董事的結論為並無有關事件或狀況的重大不確定性（個別或共同）可能會令 貴集團的持續經營能力產生重大疑慮。</p> <p>We identified going concern as a key audit matter because a significant degree of management judgement is involved in making this assessment and in forecasting the future cash flows of the Group which are inherently uncertain, particularly in light of the various tightening measures in real estate industry implemented by local governments in Mainland China.</p> <p>我們將持續經營識別為關鍵審計事項，原因為作出此評估及預測 貴集團未來現金流量（本質上不確定）時涉及大量管理層判斷，尤其是中國內地的地方政府對房地產行業實施不同措施。</p>	<ul style="list-style-type: none"> • assessing the Group's ability to renew or refinance existing banking and other financing facilities upon maturity by performing a retrospective review of past renewal or roll-over history of banking and other financing facilities in prior year and inspecting loan agreements or underlying documentation for bank loans and other financing facilities borrowed and repaid after the year end; • 通過追溯覆核過往年度銀行及其他融資額度更新或續期情況，並查看於年末之後借入及償還的銀行貸款及其他融資額度的貸款協議或相關文件，評估 貴集團對現有銀行及其他融資額度到期時更新或再融資的能力； • obtaining letter from controlling shareholders for not requesting settlement of amount due to them by the Group within at least twelve months from 31 December 2021 should the Group be unable to settle other liabilities of the Group; • 取得控股股東的信函，說明其在本集團無法清償本集團其他負債的情況下，自2021年12月31日起至少十二個月內，不要求本集團清償其應付款項。 • assessing the sensitivities of the key assumptions adopted by management in the going concern assessment and considering whether management had incorporated any bias in the selection of such assumptions, and assessing the impact on the conclusion of the going concern assessment; and • 評估管理層在持續經營評估中採用的關鍵假設的敏感性，及考慮管理層在選擇該等假設時是否存在任何偏向，並評估對得出持續經營評估結論的影響；及 • evaluating the disclosures in the consolidated financial statements in respect of the going concern assumption with reference to the requirements of the prevailing accounting standards. • 參考現行會計準則的規定，評價綜合財務報表中有關持續經營假設的披露。

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, then we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

合併財務報表及其核數師報告以外的信息

董事需對其他信息負責。其他信息包括刊載於年報內的全部信息，但不包括合併財務報表及我們的核數師報告。

我們對合併財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對合併財務報表的審核，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與合併財務報表或我們在審核過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事就合併財務報表須承擔的責任

董事須負責根據國際會計準則理事會頒佈的國際財務報告準則及香港《公司條例》的披露要求擬備真實而中肯的合併財務報表，並對其認為為使合併財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備合併財務報表時，董事負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助董事履行監督 貴集團的財務報告過程的責任。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審核合併財務報表承擔的責任

我們的目標，是對合併財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向整體股東報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

合理保證是高水平的保證，但不能保證按照《香港審核準則》進行的審核，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響合併財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審核準則》進行審核的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致合併財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對這些風險，以及獲取充足和適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部控制，以設計適當的審核程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提醒使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價合併財務報表的整體列報方式、結構和內容，包括披露，以及合併財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審核憑證，以便對合併財務報表發表意見。我們負責貴集團審核的方向、監督和執行。我們為審核意見承擔全部責任。

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

除其他事項外，我們與審核委員會溝通了計劃的審核範圍、時間安排、重大審核發現等，包括我們在審核中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，為消除威脅所採取的措施以及相關的防範措施。

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Chun Pong.

從與審核委員會溝通的事項中，我們確定哪些事項對本期合併財務報表的審核最為重要，因而構成關鍵審核事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人是黃振邦。

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
29 April 2022

畢馬威會計師事務所
執業會計師
香港中環
遮打道10號
太子大廈8樓
2022年4月29日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS 合併損益表

for the year ended 31 December 2021
截至2021年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		Note 附註	2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Revenue	收入	3	5,570,884	3,737,158
Cost of sales	銷售成本		(4,835,630)	(2,450,425)
Gross profit	毛利		735,254	1,286,733
Other net (loss)/income	其他淨(損失)/收入	4	(165,755)	47,187
Selling and distribution costs	銷售和分銷成本		(167,845)	(115,423)
Administrative expenses	行政開支		(501,657)	(398,640)
Impairment loss on financial assets measured at amortisation cost	按攤銷成本計量的金融資產減值虧損	5(c)	(12,073)	(28,109)
(Loss)/profit from operations before fair value gain on investment properties	投資物業公允值(虧損)/收益前經營利潤		(112,076)	791,748
Fair value (loss)/gain on investment properties	投資物業公允值(虧損)/收益	11	(9,700)	172,315
(Loss)/profit from operation after fair value gain on investment properties	投資物業公允值(虧損)/收益後經營利潤		(121,776)	964,063
Share of losses of joint ventures	分佔合營企業虧損	13	(152)	(241)
Finance income	財務收入	5(a)	63,233	38,849
Finance costs	融資成本	5(a)	(296,974)	(276,788)
(Loss)/profit before taxation	除稅前(虧損)/利潤	5	(355,669)	725,883
Income tax	所得稅	6(a)	(89,441)	(369,610)
(Loss)/profit for the year	年內(虧損)/利潤		(445,110)	356,273
Attributable to:	以下各方應佔:			
Equity shareholders of the Company	本公司權益股東		(498,484)	360,696
Non-controlling interests	非控股權益		53,374	(4,423)
(Loss)/profit for the year	年內(虧損)/利潤		(445,110)	356,273
(Loss)/earnings per share	每股(虧損)/盈利			
Basic and diluted (RMB cents)	基本及攤薄(人民幣分)	9	(11.0)	8.4

The notes on pages 86 to 228 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the loss for the year are set out in note 33(b).

第86至228頁所載附註屬於該等財務報表的一部分。本年度應付本公司權益股東股息的詳情載於附註33(b)。

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 合併損益及其他全面收入表

for the year ended 31 December 2021
截至2021年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
(Loss)/profit for the year	年內(虧損)/利潤	(445,110)	356,273
Other comprehensive income for the year (after tax and reclassification adjustments)	年內其他全面收入(經稅項及重新分類調整後)		
Item that may be reclassified subsequently to profit or loss:	其後可能重新分類至損益的項目：		
Exchange differences on translation of financial statements of subsidiaries outside the mainland China	換算中國境外子公司的財務報表的匯兌差額	31,678	82,021
Other comprehensive income for the year	年內其他全面收入	31,678	82,021
Total comprehensive income for the year	年內全面收入總額	(413,432)	438,294
Attributable to:	以下各方應佔：		
Equity shareholders of the Company	本公司權益股東	(474,503)	442,717
Non-controlling interests	非控股權益	61,071	(4,423)
Total comprehensive income for the year	年內全面收入總額	(413,432)	438,294

The notes on pages 86 to 228 form part of these financial statements.

第86至228頁所載附註屬於該等財務報表的一部分。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 合併財務狀況表

at 31 December 2021
於2021年12月31日
(Expressed in Renminbi)
(以人民幣列示)

		Note	2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
		附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	10	402,734	397,280
Investment properties	投資物業	11	2,750,900	3,144,270
Intangible assets	無形資產	12	15,882	16,098
Goodwill	商譽		2,252	2,252
Interests in joint ventures	於合營企業權益	13	213,213	131,583
Deferred tax assets	遞延稅項資產	14(b)	193,616	215,325
Finance lease receivable	融資租賃應收款項	16	6,410	8,210
Other non-current assets	其他非流動資產	17	65,376	337,888
			3,650,383	4,252,906
Current assets	流動資產			
Inventories and other contract costs	存貨及其他合約成本	18	13,892,948	9,369,347
Other financial assets	其他金融資產		10	9,000
Trade and other receivables	貿易及其他應收款項	19	3,898,719	2,849,403
Prepaid tax	預付稅項	14(a)	294,074	144,949
Pledged and restricted cash	已抵押及受限制現金	20	763,517	568,161
Cash and cash equivalents	現金及現金等值物	21	1,373,314	1,783,235
			20,222,582	14,724,095
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	22	4,920,415	5,450,950
Contract liabilities	合約負債	23	3,902,358	1,971,295
Bank loans and other borrowings	銀行貸款及其他借貸	24	531,631	481,029
Senior notes	優先票據	25	468,614	1,820,524
Amounts due to controlling shareholders	應付控股股東款項	26	1,027,468	867,000
Lease liabilities	租賃負債	27	8,473	10,562
Current tax liabilities	即期稅項負債	14(a)	795,484	736,413
Deferred income	遞延收入	28	259,268	349,119
Other current liabilities	其他流動負債	29	576,558	300,000
			12,490,269	11,986,892
Net current assets	流動資產淨值		7,732,313	2,737,203
Total assets less current liabilities	總資產減流動負債		11,382,696	6,990,109

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 合併財務狀況表

at 31 December 2021
於2021年12月31日
(Expressed in Renminbi)
(以人民幣列示)

		Note	2021	2020
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Non-current liabilities	非流動負債			
Bank loans and other borrowings	銀行貸款及其他借貸	24	2,739,692	829,230
Senior notes	優先票據	25	1,877,848	–
Lease liabilities	租賃負債	27	27,322	29,546
Deferred tax liabilities	遞延稅項負債	14(b)	132,988	194,636
Other financial liabilities	其他金融負債	30	947,719	78,333
			5,725,569	1,131,745
NET ASSETS	資產淨值		5,657,127	5,858,364
Capital and reserves	股本及儲備	33		
Share capital	股本		36,598	36,598
Reserves	儲備		5,051,474	5,555,799
Total equity attributable to equity shareholders of the Company	本公司權益股東應佔權益總額		5,088,072	5,592,397
Non-controlling interests	非控股權益		569,055	265,967
TOTAL EQUITY	權益總額		5,657,127	5,858,364

Approved and authorised for issue by the board of directors on 29 April 2022.

於2022年4月29日獲董事會批准及授權刊發。

Cai Hongwen
蔡鴻文
Executive Director
執行董事

Zeng Yunshu
曾雲樞
Executive Director
執行董事

The notes on pages 86 to 228 form part of these financial statements.

第86至228頁所載附註屬於該等財務報表的一部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 合併權益變動表

for the year ended 31 December 2021
截至2021年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔												
		Share capital	Share premium	PRC statutory reserve	Capital reserve	Reserve – transaction with non-controlling interests	Equity settled share-based payment reserve	Capital redemption reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity	
		股本	股份溢價	中國法定儲備	資本儲備	儲備 – 與非控股權益的交易	以權益結算以股份支付為基礎的儲備	資本贖回儲備	匯兌儲備	保留利潤	總計	非控股權益	權益總額	
		33(c)	33(d)(i)	33(d)(ii)	33(d)(iii)	33(d)(iv)	33(d)(v)	33(d)(vi)	33(d)(vii)	33(d)(viii)				
		Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
		附註	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Balance at 1 January 2020	於2020年1月1日的結餘		31,825	978,266	571,606	1,435,617	(62,466)	-	120	(48,228)	2,026,012	4,932,752	16,255	4,949,007
Changes in equity for 2020	2020年權益變動													
Profit for the year	年內溢利		-	-	-	-	-	-	-	360,696	360,696	(4,423)	356,273	
Other comprehensive income	其他全面收入		-	-	-	-	-	-	82,021	-	82,021	-	82,021	
Total comprehensive income	全面收入總額		-	-	-	-	-	-	82,021	360,696	442,717	(4,423)	438,294	
Shares issued	發行股票	33(a)	4,773	210,010	-	-	-	-	-	-	214,783	-	214,783	
Equity settled share-based transactions	以權益結算的股份交易	33(a)	-	-	-	-	8,666	-	-	-	8,666	-	8,666	
Acquisition of subsidiaries	收購子公司	21(e)	-	-	-	-	-	-	-	-	-	240,614	240,614	
Capital injection by a non-controlling interest	非控股股東注資		-	-	-	-	-	-	-	-	-	24,500	24,500	
Acquisition of additional interest in a subsidiary from a non-controlling interest	宣派予非控股權益的股息		-	-	-	(6,521)	-	-	-	-	(6,521)	1,521	(5,000)	
Dividends declared to non-controlling interests	轉撥至中國法定儲備	33(d)(ii)	-	-	-	-	-	-	-	-	-	(12,500)	(12,500)	
Appropriation to PRC statutory reserve	出售子公司		-	-	48,356	-	-	-	-	(48,356)	-	-	-	
Balance at 31 December 2020	於2020年12月31日的結餘		36,598	1,188,276	619,962	1,435,617	(68,987)	8,666	120	33,793	2,338,352	5,592,397	265,967	5,858,364

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 合併權益變動表

for the year ended 31 December 2021
截至2021年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔											
		Share capital	Share premium	PRC statutory reserve	Capital reserve	Reserve – transaction with non-controlling interests	Equity settled share-based payment reserve	Capital redemption reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	中國法定儲備	資本儲備	儲備 – 與非控股權益的交易	以權益結算以股份支付為基礎的儲備	資本贖回儲備	匯兌儲備	保留利潤	總計	非控股權益	權益總額
Note		33(c)	33(d)(i)	33(d)(ii)	33(d)(iv)	33(d)(vi)	33(d)(iv)		33(d)(iii)				
附註		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Balance at 1 January 2021	於2021年1月1日的經調整結餘	36,598	1,188,276	619,962	1,435,617	(68,987)	8,666	120	33,793	2,338,352	5,592,397	265,967	5,858,364
Changes in equity for 2021	2021年權益變動												
Loss for the year	年內損失	-	-	-	-	-	-	-	-	(498,484)	(498,484)	53,374	(445,110)
Other comprehensive income	其他全面收入	-	-	-	-	-	-	-	23,981	-	23,981	7,697	31,678
Total comprehensive income	全面收入總額	-	-	-	-	-	-	-	23,981	(498,484)	(474,503)	61,071	(413,432)
Equity settled share-based transactions	以權益結算的股份交易	33(a)	-	-	-	-	11,619	-	-	-	11,619	-	11,619
Acquisition of subsidiaries	收購子公司	21(e)	-	-	-	-	-	-	-	-	-	71,291	71,291
Acquisition of partial interests of subsidiaries from non-controlling interests	自非控股權益購入現有附屬公司的額外權益		-	-	-	(42,590)	-	-	-	-	(42,590)	(37,410)	(80,000)
Disposal of partial interests of subsidiaries to non-controlling interests	將子公司的部分權益出售給非控股權益		-	-	-	1,149	-	-	-	-	1,149	8,952	10,101
Capital injection by non-controlling interests	非控股權益注資		-	-	-	-	-	-	-	-	-	199,184	199,184
Appropriation to PRC statutory reserve	轉撥至中國法定儲備	33(d)(ii)	-	-	13,649	-	-	-	-	(13,649)	-	-	-
Balance at 31 December 2021	於2021年12月31日的結餘	36,598	1,188,276	633,611	1,435,617	(110,428)	20,285	120	57,774	1,826,219	5,088,072	569,055	5,657,127

The notes on pages 86 to 228 form part of these financial statements.

第86至228頁所載附註屬於該等財務報表的一部分。

CONSOLIDATED CASH FLOW STATEMENT 合併現金流量表

for the year ended 31 December 2021
截至2021年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		Note 附註	2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Operating activities	經營活動			
Cash (used in)/generated from operations	經營業務所得現金	21(b)	(3,387,304)	832,389
PRC tax paid	已付中國稅項		(160,746)	(245,880)
Net cash (used in)/generated from operating activities	經營活動(使用)/產生現金淨額		(3,548,050)	586,509
Investing activities	投資活動			
Net cash inflow/(outflow) from acquisitions of subsidiaries	收購子公司的淨現金流出	21(e)	41,184	(494,112)
Net cash inflow from disposal of subsidiaries	出售子公司所得淨現金流入	21(f)	32,197	-
Repayment of advances from third parties owed by the acquired subsidiaries	償還被收購公司第三方墊款		-	(625,220)
Payment for loans to third parties	支付第三方借款		(678,857)	(871,914)
Proceeds from repayment of loans to third parties	收到第三方貸款還款		432,376	555,197
Proceeds from disposal of other financial assets	出售其他金融資產所得款項		194,050	40,009
Payment for purchase of other financial assets	購買其他金融資產付款		(95,960)	(36,876)
Proceed from disposal of investment properties	出售投資物業所得款項		11,703	25,552
Interest received	已收利息		63,041	29,276
Payment for purchase of property, plant and equipment	購買物業、廠房及設備付款		(44,189)	(7,131)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		6,957	4,366
Payment for purchase of intangible assets	購買無形資產付款		(1,840)	(1,562)
Net cash used in investing activities	投資活動所用現金淨額		(39,338)	(1,382,415)

CONSOLIDATED CASH FLOW STATEMENT 合併現金流量表

for the year ended 31 December 2021
截至2021年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

	Note 附註	2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Financing activities	融資活動		
Proceeds from new bank loans and other borrowings	新增銀行貸款及其他借貸所得款項	21(c) 3,009,155	641,000
Repayment of bank loans and other borrowings	償還銀行貸款及其他借貸	21(c) (1,048,091)	(564,424)
Advances from controlling shareholders	控股股東墊款	21(c) 3,335,646	867,000
Repayment of advances from controlling shareholders	控股股東墊款償還額	(3,972,519)	–
Proceed from discounted bills	已貼現票據所得	21(c) 576,558	300,000
Repayment of discounted bills	償還已貼現票據	(300,000)	–
Advances from non-controlling interests	非控股股東墊款	21(c) 2,054,978	86,866
Repayment of advances from non-controlling interests	償還非控股股東墊款	21(c) (484,339)	(92,064)
Advances from third parties	第三方墊款	21(c) 454,200	98,528
Repayment of advances from third parties	償還第三方墊款	21(c) (343,122)	(113,830)
Proceeds from parking lots financing arrangements	車位融資安排所得	21(c) –	77,075
Proceeds from advance from a related party	關聯方墊款	50,000	–
Repayment of advance from a related party	償還關聯方墊款	(50,000)	–
Repayment of parking lots financing arrangements	償還車位融資安排所得	(32,675)	–
Repayment of corporate bonds	償還公司債券	21(c) –	(260,000)
Repayment of senior notes	償還優先票據	21(c) (347,340)	(323,254)
Proceeds from the issue of shares	發行股份所得款項淨額	–	214,783
Net proceeds from the issue of senior notes	發行優先票據所得款項淨額	21(c) 921,367	601,219
Interest and other borrowing costs paid	已付利息及其他借貸成本	21(c) (588,503)	(412,661)
Payment for pledged deposits and restricted cash	支付抵押存款及受限制現金	(555,325)	(300,000)
Proceeds from repayment of pledged deposits and restricted cash	償還抵押存款及受限制現金所得	300,000	207,340
Payment for acquisition of additional interest held by a non-controlling interest	支付自非控股股東收購的權益	–	(5,000)
Disposal of partial interest of a subsidiary to a non-controlling shareholder	出售附屬公司部分權益至非控股權	10,000	–
Distribution to a non-controlling interest	已付非控股股東股息	–	(12,500)
Capital injection by a non-controlling interest to a subsidiary	非控股股東對子公司注資	199,184	24,500
Capital element of lease rentals paid	已付租賃租金的資本部分	21(c) (5,521)	(5,554)
Interest element of lease rentals paid	已付租賃租金的利息部分	21(c) (4,316)	(4,158)
Net cash generated from financing activities	融資活動所得現金淨額	3,179,337	1,024,866
Net (decreased)/increase in cash and cash equivalents	現金及現金等值物 (減少)/增加淨額	(408,051)	228,960
Cash and cash equivalents at 1 January	於1月1日的現金及現金等值物	21 1,783,235	1,571,204
Effect of foreign exchange rate changes	外匯匯率變動的影響	(1,870)	(16,929)
Cash and cash equivalents at 31 December	於12月31日的現金及現金等值物	21 1,373,314	1,783,235

The notes on pages 86 to 228 form part of these financial statements.

第86至228頁所載附註屬於該等財務報表的一部分。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

1 重大會計政策

(a) 合規聲明

此等財務報表已根據國際會計準則理事會(「國際會計準則理事會」)所頒佈之所有適用國際財務報告準則(「國際財務報告準則」)(此統稱包括所有適用的個別國際財務報告準則、國際會計準則(「國際會計準則」)及詮釋)及香港公司條例披露規定編製。此等財務報表亦符合香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)之適用披露規定。本集團所採納的重大會計政策載於下文。

國際會計準則理事會已頒佈若干新訂及經修訂的國際財務報告準則，該等準則於本集團及本公司當前會計期間首次生效或可提早採納。附註1(c)載列在與該等財務報表所呈列與本集團當前及過往會計期間有關的範圍內，因首次採用該等變更而導致會計政策任何變更的資料。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of preparation of the financial statements

- (i) During the year ended 31 December 2021, the Group experienced net cash used in operating activities of RMB3,548.1 million. As at 31 December 2021, the Group had net current assets of RMB7,732.3 million. However, significant current assets were development properties with a carrying amount of RMB13,892.9 million, which will not be recovered in full within one year. The Group had current loans and current senior notes of RMB1,000.2 million which will be due in 2022 and capital commitments of RMB5,251.6 million.

In view of these circumstances, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance including banking facilities in assessing whether the Group will have sufficient financial resources to continue as a going concern. As at 31 December 2021, taking into account the Group's cash flow projection, including the Group's unutilised banking facilities (including new banking facilities obtained subsequent to 31 December 2021), the ability to renew or refinance the banking facilities upon maturity and the support from controlling shareholders that they would not request settlement of amount due to them by the Group within at least twelve months from 31 December 2021 should the Group be unable to settle other liabilities of the Group, the directors of the Company consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.

- (ii) The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate and joint ventures.

1 重大會計政策(續)

(b) 財務報表的編製基準

- (i) 截至2021年12月31日止年度，貴集團的經營活動使用現金淨額為人民幣3,548.1百萬元。於2021年12月31日，貴集團的流動資產淨值為人民幣7,732.3百萬元。然而，大部分流動資產為發展物業，賬面價值為人民幣13,892.9百萬元，將不會於一年內悉數收回。貴集團的即期借款及即期優先票據合計人民幣1,000.2百萬元將於2022年到期，而資本承擔則為人民幣5,251.6百萬元。

鑒於這些情況，本公司董事於評估本集團會否有充足財務資源持續經營時，已考慮本集團之未來流動資金及其可得之融資資源，包括銀行融資。於2021年12月31日，經計及本集團之現金流量預測，包括本集團之尚未動用銀行融資以及重續或將銀行融資再融資之能力後，以及由控股股東提供的資金支援並承諾在2021年12月31日後的12個月內，當本集團無法償付其他負債時，控股股東不會要求本集團償還控股股東的墊付款項。本公司董事認為至少於報告期末起計未來十二個月內，本集團具有充足營運資金於到期時履行其財務義務，亦無有關可能令本集團持續經營能力構成重大疑慮之事件或狀況(個別或共同)的重大不確定因素。

- (ii) 截至2021年12月31日止年度的合併財務報表涵蓋本公司及其各子公司(統稱「本集團」)及本集團於聯營企業和合營企業之權益。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of preparation of the financial statements (Cont'd)

These financial statements are presented in Renminbi ("RMB") rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- equity investments other than investments in subsidiaries, associates and joint ventures (see note 1(g));
- other investments in debt and equity securities (see note 1(g));
- derivative financial instruments (see note 1(h));
- investment properties, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest (see note 1(i)); and
- other financial liabilities (see note 1(v)(ii)).

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

1 重大會計政策(續)

(b) 財務報表的編製基準(續)

該等財務報表以人民幣呈列，約整至最接近千元計算。按下文會計政策所述，編製財務報表時以歷史成本作為計量基準，惟以下資產及負債按公允值列賬：

- 除投資於附屬公司、聯營公司及合營公司外的權益投資(見附註1(g))；
- 其他債務和權益證券投資(見附註1(g))；
- 衍生金融工具(見附註1(h))；
- 投資物業，包括本集團作為物業權益的註冊擁有人租賃的持作投資物業的土地和建築物的權益(見附註1(i))；及
- 其他金融負債(見附註1(v)(ii))。

持作待售的非流動資產按賬面值與公允減值減出售成本之較低者列賬。

管理層在編製符合國際財務報告準則的財務報表時，須作出對政策的應用及資產、負債、收入及支出的呈報金額造成影響的判斷、估計及假設。估計及相關假設根據過往經驗及於所有情況下視為合理的多種其他因素作出，其結果成為管理層在無法依循其他途徑即時得知資產及負債的賬面值時作出判斷的依據。實際結果可能有別於該等估計。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of preparation of the financial statements (Cont'd)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform – phase 2

Amendment to IFRS 16, Covid-19-related rent concessions beyond 30 June 2021

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this financial report.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

1 重大會計政策(續)

(b) 財務報表的編製基準(續)

管理層持續審核該等估計及相關假設。倘會計估計的修訂僅對作出修訂的期間產生影響，則有關修訂會在該期間內予以確認；倘該項修訂對當前及未來期間均有影響，則在作出修訂的期間及未來期間均予以確認。

管理層在採用國際財務報告準則時所作出對財務報表有重大影響之判斷及估計不確定因素之主要來源於附註2討論。

(c) 會計政策的變動

本集團已將香港會計師公會頒佈的香港財務報告準則修訂應用於本會計期間的財務報表：

國際財務報告準則第9號、第39號、第7號、第4號及第16號的修訂，利率基準改革－第2階段

國際財務報告準則第16號的修訂，2021年6月30日之後與Covid-19相關的租金優惠

以上國際財務報告準則新修訂本均未對財務報告編製及列報本集團本期或以前期間的業績和財務狀況產生重大影響。

(d) 子公司及非控股權益

子公司是由本集團控制的實體。倘本集團因參與一家公司的業務而可或有權獲得可變回報，且能藉對該公司行使權力而影響該等回報時，則視為本集團對該公司擁有控制權。評估本集團是否有權力時，僅考慮本集團及其他各方持有的實質權利。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Subsidiaries and non-controlling interests (Cont'd)

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(q) or (r) depending on the nature of the liability.

1 重大會計政策(續)

(d) 子公司及非控股權益(續)

於子公司的投資自控制權開始日期起至控制權終止日期止計入合併財務報表。集團內公司間的結餘、交易及現金流量以及集團內公司間交易所產生的任何未變現利潤，在編製合併財務報表時均全數抵銷。集團內公司間交易所產生的未變現虧損則僅在並無出現減值跡象的情況下以與抵銷未變現收益相同的方法予以抵銷。

非控股權益指本公司並非直接或間接應佔的子公司權益，且本集團並未同意與該等權益持有人增訂條款而導致本集團整體須就該等權益符合金融負債定義承擔合約責任。對各業務合併而言，本集團可選擇以公允值或按非控股權益所佔子公司可識別資產淨值的比例計量任何非控股權益。

非控股權益於合併財務狀況表的權益內與本公司權益股東應佔權益分開呈列。本集團業績的非控股權益在合併損益表及合併損益及其他全面收入表賬面呈列為年內損益總額及全面收入總額在非控股權益與本公司權益股東之間的分配。非控股權益持有人的貸款及對該等持有人所負的其他合約責任視乎負債性質，根據附註1(q)或(r)於合併財務狀況表中呈列為金融負債。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Subsidiaries and non-controlling interests (Cont'd)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)) or, when appropriate, the cost on initial recognition of an investment in an associate and joint venture (see note 1(e)).

In the Company's statement of financial position, investment in a subsidiary is stated at cost less impairment losses (see note 1(m)).

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

1 重大會計政策(續)

(d) 子公司及非控股權益(續)

倘本集團於子公司的權益變動並未導致失去控制權，則入賬列作股權交易，而合併權益內控股及非控股權益的金額會就此作出調整，以反映相關權益的變動，但商譽不會作出調整且不會確認損益。

當本集團失去對一間子公司的控制權，則入賬列作出售該子公司的全部權益，因此產生的收益或虧損會於損益確認。於失去控制權之日在該前子公司保留的任何權益按公允值確認，且有關金額視為初步確認金融資產時的公允值(見附註1(g))，或(如適用)初步確認於聯營企業及合營企業投資時的成本(見附註1(e))。

在本公司的財務狀況表內，於子公司的投資按成本減減值虧損列賬(見附註1(m))。

(e) 聯營企業及合營企業

聯營企業是指集團或公司對其管理層(包括參與財務和經營政策決策)有重大影響力，但不包括控制權或共同控制權的實體。

合營企業是一項安排，據此，本集團或本公司與其他方在合約上協定分享此項安排的控制權，並有權擁有其淨資產。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Associates and joint ventures (Cont'd)

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(f) and (m)(iii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see note 1(m)(i)).

1 重大會計政策(續)

(e) 聯營企業及合營企業(續)

於聯營企業或合營企業的投資以權益法於合併財務報表入賬。根據權益法，投資初步按成本列賬，其後就本集團應佔該被投資公司的可識別資產淨值的收購日期公允值超出投資成本的任何部分(如有)作出調整。投資成本包括購買價、收購投資直接應佔的其他成本及構成本集團股權投資一部份的於聯營企業或合營企業的任何直接投資。其後，就本集團應佔該被投資公司的資產淨值的收購後變動及與投資相關的任何減值虧損(見附註1(f)及(m)(iii))作出調整。收購日期超出成本的任何部分、本集團年內應佔被投資公司的收購後稅後業績及任何減值虧損於合併損益表內確認，而本集團應佔被投資公司的其他全面收入的收購後稅後項目則於合併損益及其他全面收入表內確認。

當本集團應佔一間聯營企業或合營企業的虧損超出其於該企業的權益時，本集團的權益扣減至零並會終止確認進一步虧損，但本集團產生法定或推定責任或代表被投資公司付款則除外。就此而言，本集團的權益為以權益法入賬的投資賬面值，連同實質上屬本集團於聯營企業或合營企業投資淨額一部份的長期權益(於將預期信用損失模型應用於此等其他長期權益後(如有)，見附註1(m)(i))。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Associates and joint ventures (Cont'd)

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)).

(f) Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

1 重大會計政策(續)

(e) 聯營企業及合營企業(續)

本集團與聯營企業及合營企業進行交易產生的未變現利潤及虧損將以本集團於被投資公司的權益為限予以對銷，除非該未變現虧損證明已轉讓資產出現減值，在此情況下，則即時於損益內確認相關虧損。

倘於一家聯營企業的投資成為於一家合營企業的投資(反之亦然)，則保留權益不會重新計量。而是該投資繼續按權益法進行入賬。

在所有其他情況下，當本集團不再對聯營企業有重大影響或對合營企業擁有共同控制權時，則按出售於被投資公司的全部權益入賬，所產生之收益或虧損於損益中確認。任何於喪失重大影響或共同控制權當日在前被投資公司保留的權益按公允值確認及該金額被視為於初步確認金融資產的公允值(見附註1(g))。

(f) 商譽

商譽指(i)超過(ii)的差額：

- (i) 所轉讓對價的公允值、於被收購公司的任何非控股權益金額及本集團先前於被收購公司持有的股本權益公允值的總和；
- (ii) 被收購公司的可識別資產及負債於收購當日計量的公允淨值。

當(ii)較(i)為大，則該超出數額即時在損益表內確認為議價收購的收益。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Goodwill (Cont'd)

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(m)(iii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value, plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVTPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 34(f). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(w)(vi)).

1 重大會計政策(續)

(f) 商譽(續)

商譽按成本減累計減值虧損列賬。來自業務合併的商譽將分配至預期可受惠於合併協同效益的現金產生單位或現金產生單位組合，並會每年進行減值測試(見附註1(m)(iii))。

年內出售現金產生單位時，已將所購入商譽的任何應佔金額計入出售損益內。

(g) 其他債務和權益證券投資

本集團對債務和權益證券投資(除對子公司、聯營企業及合營企業的投資外)政策載列如下：

債務和權益證券投資於本公司承諾購買/出售該投資之日予以確認/終止確認。該等投資初始按公允值加直接應佔交易成本列賬，惟按公允值計量且其變動計入當期損益的有關投資除外，有關本集團如何釐定金融工具公允值的解釋，請參閱附註34(f)。該等投資(視乎分類)隨後按下列方式列賬。

(i) 權益投資以外的投資

本集團持有的非權益投資分類為下列計量類別之一：

- 攤銷成本，倘持有投資的目的為收取合約現金流量，即純粹為獲得本金及利息付款。投資所得利息收入乃使用實際利率法計算(見附註1(w)(vi))。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**(g) Other investments in debt and equity securities (Cont'd)****(i) Investments other than equity investments (Cont'd)**

- fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- fair value at profit or loss (FVTPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

1 重大會計政策(續)**(g) 其他債務和權益證券投資(續)****(i) 權益投資以外的投資(續)**

- 通過按公允值計量且其變動計入其他全面收益(可劃轉)，倘該投資的合約現金流量包括僅為本金和利息的支付，且持有該投資所屬的商業模式目標是通過收取合約現金流量及出售來實現。公允值變動計入其他全面收益，但預計信用損失的損益、利息收入(採用實際利率法計算)和匯兌收益和虧損的確認的除外。當終止確認投資時，在其他全面收入中累計的金額將從權益轉回至損益。

- 倘投資不符合按攤銷成本計量或按公允值計入其他全面收入(可劃轉)的標準則按公允值計量且其變動計入當期損益。投資的公允值變動(包括利息)於損益確認。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Other investments in debt and equity securities (Cont'd)

(ii) Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 1(w)(vi).

(h) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(i) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(l)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

1 重大會計政策(續)

(g) 其他債務和權益證券投資(續)

(ii) 權益投資

權益證券投資分類為按公允值計量且其變動計入當期損益的金融資產，除非權益投資並非持作買賣用途，且於初次確認投資時，本集團不可撤銷地選擇指定投資為按公允值計入其他全面收入(不可劃轉)，以致公允值的後續變動於其他全面收入確認。有關選擇以個別工具為基準作出，惟僅會在發行人認為投資符合股本的定義的情況下作出。作出有關選擇後，於其他全面收入內累計的金額仍將保留在公允值儲備(不可劃轉)內直至投資出售為止。出售時，於公允值儲備(不可劃轉)內累計的金額轉撥至保留盈利，且不會劃轉至損益。股本證券投資的股息(不論分類為按公允值計量且其變動計入當期損益或按公允值計入其他全面收入)根據附註1(w)(vi)所載政策於損益內確認為其他收入。

(h) 衍生金融工具

衍生金融工具按公允值確認，於各報告期末重新計量公允值。重新計量公允值的收益或虧損即時於損益確認。

(i) 投資物業

投資物業是指為賺取租金收入及/或為資本增值而以租賃權益(見附註1(l))擁有或持有的土地及/或建築物，當中包括就當前尚未確定未來用途持有的土地及正在建造或開發以供日後用作投資物業的物業。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Investment property (Cont'd)

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(w)(ii).

In the comparative period, when the Group held a property interest under an operating lease and used the property to earn rental income and/or for capital appreciation, the Group could elect on a property-by-property basis to classify and account for such interest as an investment property. Any such property interest which had been classified as an investment property was accounted for as if it were held under a finance lease (see note 1(l)), and the same accounting policies were applied to that interest as were applied to other investment properties leased under finance leases. Lease payments were accounted for as described in note 1(l).

(j) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(m)(iii)).

- interest in leasehold land and buildings where the Group is the registered owner of the property interest (see note 1(l)); and
- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest.

1 重大會計政策(續)

(i) 投資物業(續)

投資物業按公允值列賬，除非於報告期末仍在建造或開發且不能可靠確定公允值。投資物業公允值的變動，或報廢或處置投資物業所產生的任何收益或虧損均於損益中確認。投資物業的租金收入按照附註1(w)(ii)所述方式入賬。

於比較期間，當本集團以經營租賃持有物業權益並利用該物業賺取租金收入及／或為資本增值，本集團可選擇按每項物業的基準將該等權益分類並入賬為投資物業。任何此等已分類為投資物業的物業權益的入賬方式猶如根據融資租賃所持有的權益(見附註1(l))，而其適用的會計政策亦與根據融資租賃所租賃的其他投資物業相同。租賃付款按附註1(l)所述入賬。

(j) 物業、廠房及設備

以下物業、廠房及設備項目按成本減累計折舊及減值虧損(見附註1(m)(iii))列賬。

- 於本集團作為物業權益的註冊擁有人租賃的土地和建築物中的權益(見附註1(l))；
- 本集團並非作為物業權益的註冊擁有人租賃物業相關的租賃所產生的使用權資產。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Property, plant and equipment (Cont'd)

The cost of self-constructed items of property, plant and equipment includes the cost materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(y)).

Construction in progress is transferred to property, plant and equipment when it is ready for its intended use. No depreciation is provided against construction in progress.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the consolidated statement of profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

1 重大會計政策(續)

(j) 物業、廠房及設備(續)

自建物業、廠房及設備項目的成本包括材料成本、直接勞工成本以及拆卸及搬遷項目與恢復項目所在地原貌的初步估計成本(如有關)及適當比例的間接生產成本及借貸成本(見附註1(y))。

當在建工程可作擬定用途時，轉為物業、廠房及設備。在建工程不計提折舊。

報廢或出售物業、廠房及設備項目所產生的收益或虧損按出售所得款項淨額與該項目賬面值的差額釐定，並於報廢或出售當日的合併損益表確認。

折舊是採用直線法按估計可使用年期撇銷物業、廠房及設備項目的成本並扣除其估計剩餘價值(如有)計算，詳情如下：

		Years	Estimated residual value as a percentage of costs
		年期	估計剩餘價值佔成本百分比
Ownership interests in land and buildings held for own use carried at cost	土地和建築物的所有權權益	20-40	0%
Motor vehicles and other fixed assets	汽車	4	5%
Office equipment	辦公設備	3-5	5%
Other properties leased for own use carried at cost	其他租賃物業	2-8	0%

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Property, plant and equipment (Cont'd)

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(m)(iii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated/contracted useful lives are as follows:

Software	5–10 years
Franchises granted	15 years

Both the period and method of amortisation are reviewed annually.

(l) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

1 重大會計政策(續)

(j) 物業、廠房及設備(續)

倘物業、廠房及設備項目各部分的可使用年期不同，該項目的成本按合理基準於各部分之間分配，且各部分單獨折舊。資產的可使用年期及其剩餘價值(如有)均每年進行審閱。

(k) 無形資產(商譽除外)

本集團所收購的無形資產以成本減累計攤銷(當估計可使用年期有限時)及減值虧損(見附註1(m)(iii))列賬。

具有有限可使用年期的無形資產攤銷按資產估計可使用年期於損益內以直線法攤銷。以下具有有限可使用年期的無形資產於其可供使用當日起攤銷，其估計/合約可使用年期如下：

軟件	5–10年
特許經營權	15年

攤銷期間及方法均每年進行審核。

(l) 租賃資產

在合同開始時，本集團評估合同是否為或包含租賃。如果合同轉讓了在一段時間內對已確認資產的使用進行控制的權利以換取對價，則合同即為或包含租賃。當客戶既有權指導使用已確認資產，又有權從該使用中獲得實質上所有的經濟利益時，控制權即被轉移。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Leased assets (Cont'd)

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

1 重大會計政策(續)

(I) 租賃資產(續)

(i) 作為承租人

若合約同時包含租賃組成部分和非租賃組成部分，本集團選擇不拆分非租賃組成部分，而將各個租賃組成部分和與其相關的非租賃組成部分作為單一的租賃組成部分進行會計處理。

本集團於租賃開始日確認使用權資產和租賃負債，惟租賃期為12個月或以下的短期租賃及低價值資產租賃(就本集團而言，主要為筆記型電腦及辦公傢俱)除外。當本集團就一項低價值資產訂立了一項租賃安排，本集團以每一項租賃為基礎決定是否將該租賃予以資本化。與未進行資本化的租賃相關的租賃付款額於整個租賃期內系統地確認為費用。

若租賃被資本化，租賃負債按照租賃期內的應付租賃付款額按租賃內含利率(若租賃內含利率無法直接確定，則使用相關的增量借款利率)折現後的現值進行初始確認。初始確認後，租賃負債按攤餘成本計量，並採用實際利率法計算利息費用。不取決於指數或比率的可變租賃付款額不納入租賃負債的計量，因此在其發生的會計期間內在損益中列支。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**(l) Leased assets (Cont'd)****(i) As a lessee (Cont'd)**

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 1(j) and 1(m)(iii)), except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value in accordance with Note 1(i); and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with Note 1(n).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1 重大會計政策(續)**(l) 租賃資產(續)****(i) 作為承租人(續)**

在租賃被予以資本化時確認的使用權資產按成本初始計量。使用權資產的成本包括租賃負債的初始金額，加上在租賃期開始日或之前支付的租賃付款額以及已發生的初始直接費用。在適用情況下，使用權資產的成本還包括拆卸及移除標的資產、復原標的資產或其所在場所估計將發生的成本折現後的現值，減去收到的租賃激勵。使用權資產後續按成本減去累計折舊和減值損失後的金額列賬(見附註1(j)和1(m)(iii))，惟以下類別的使用權資產除外：

- 符合投資性房地產定義的使用權資產按照附註1(i)以公允價值計量；以及
- 與作為存貨持有的租賃土地權益相關的使用權資產根據附註1(n)以成本與可變現淨值兩者中的較低額列賬。

倘指數或比率變化導致未來租賃付款額發生變動，或者本集團根據餘值擔保估計的應付金額發生變動，或者對於本集團是否合理確定將行使購買、續租或終止租賃選擇權的重估結果發生變化，則應重新計量租賃負債。尚在這種情況下重新計量租賃負債，應對使用權資產的賬面值作出相應調整；倘使用權資產的賬面值已減至零，則將相關調整計入損益。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract (“**lease modification**”) that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

1 重大會計政策(續)

(I) 租賃資產(續)

(i) 作為承租人(續)

當租賃範圍或租賃對價發生變化(「**租賃變更**」)，且未作為單獨租賃入賬，則租賃負債也應該重新計量。在這種情況下，根據修改後的租賃付款額和租賃期限，使用修改生效日的修改後貼現率重新計量租賃負債。唯一例外情況為由於COVID-19流行病的直接後果而產生的、符合16第46B段規定的條件的任何租金優惠。在這種情況下，本集團根據實務處理方法不評估租金減讓是否屬於租賃變更，並將租金減讓作為負的租賃付款額，在當期損益中確認租金優惠。

在合併財務狀況表中，長期租賃負債的流動部分被確定為應在報告期後十二個月內結算的合同付款現值。

(ii) 作為出租人

本集團作為出租人時，本集團會於租賃開始日確定各項租賃是融資租賃還是經營租賃。倘租賃使標的資產所有權相關的絕大部分風險及回報實質上轉移至承租人，則此項租賃分類為融資租賃。否則，該租賃被劃歸為經營租賃。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Leased assets (Cont'd)

(ii) As a lessor (Cont'd)

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 1(w)(ii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 1(l)(i), then the Group classifies the sub-lease as an operating lease.

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including restricted and pledged cash, cash and cash equivalents, trade and other receivables, including loans to the third parties, which are held for the collection of contractual cash flows which represent solely payments of principal and interest); and
- lease receivables.

Other financial assets measured at fair value, including equity investments measured at FVTPL, amounts due from an associate, wealth management products and derivative financial assets, are not subject to the ECL assessment.

1 重大會計政策(續)

(l) 租賃資產(續)

(ii) 作為出租人(續)

如果合約包含租賃部分和非租賃部分時，本集團根據相對獨立銷售價格基準，將合約的對價分攤至各租賃組成部分。經營租賃的租金收入根據附註1(w)(ii)確認。

當本集團乃中間出租人時，本集團將根據主租賃產生的使用權資產，將轉租賃分類為融資租賃或經營租賃。如果主租賃屬本集團應用附註1(l)(i)所述確認豁免的短期租賃，則本集團將該轉租賃分類為經營租賃。

(m) 信用虧損及資產減值

(i) 金融工具及租賃應收款項的信用虧損

本集團對下列項目確認預期信用虧損的虧損撥備：

- 按攤銷成本計量的金融資產（包括受限制及已抵押現金、現金及現金等值物、貿易及其他應收款項，包括給予第三方的貸款，該貸款旨在收取僅為支付本金和利息所產生的合約現金流量而持有）；及
- 租賃應收款項。

按公允值計量的其他金融資產（包括按公允值計量且其變動計入當期損益計量的權益投資、應收一間聯營企業款項、理財產品及衍生金融資產）毋須進行預期信用虧損評估。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate; and
- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

預期信用虧損計量

預期信用虧損為信用虧損的概率加權估計。信用虧損是以所有已預計現金短缺的現值計量(例：根據合約，尚欠本集團的現金流量及其集團預計得到的現金流量之間的差異)。

倘貼現影響重大，則預期現金差額將採用以下貼現率貼現：

- 定息金融資產、貿易及其他應收款項：於初步確認時釐定的實際利率或其近似值；
- 浮息金融資產：即期實際利率；及
- 租賃應收款項：計算租賃應收款項所用貼現率。

估計預期信用虧損時所考慮的最長期間為本集團面對信用風險的最長合約期間。

於計量預期信用虧損時，本集團會考慮在毋需付出過多成本及努力下即可獲得的合理可靠資料。此項包括有關過往事件、現時狀況及未來經濟狀況預測的資料。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Measurement of ECLs (Cont'd)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to lifetime ECLs.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

預期信用虧損計量(續)

預期信用虧損將採用以下基準計量：

- 12個月預期信用虧損：指報告日期後12個月內可能發生的違約事件而導致的預期虧損；及
- 整個有效期的預期信用虧損：指預期信用虧損模型適用項目的預計年期內所有可能違約事件而導致的預期虧損。

貿易應收款項及租賃應收款項的虧損撥備一般按等同於整個有效期的預期信用虧損的金額計量。於報告日期，該等金融資產的預期信用虧損乃根據本集團的歷史信用虧損經驗使用提列矩陣進行評估，根據債務人的特定因素及對當前及預計一般經濟狀況的評估進行調整。

就所有其他金融工具而言，本集團確認相等於整個有效期的預期信用虧損的金額計量。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising investments (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

信用風險大幅上升

評估金融工具(包括貸款承擔)的信用風險自初始確認以來有否大幅上升時，本集團會比較於報告日期及於初始確認日期評估的金融工具發生違約的風險。於重新評估時，本集團認為，倘(i)借款人不大可能在本集團無追索權採取變現抵押(如持有)等行動的情況下向本集團悉數支付其信貸債務；或(ii)金融資產已逾期90日，則構成違約事件。本集團會考慮合理可靠的定量及定性資料，包括過往經驗及在毋需付出過多成本或努力即可獲得的前瞻性資料。

具體而言，評估信用風險自初始確認以來有否大幅上升時會考慮以下資料：

- 未能按合約到期日期支付本金或利息；
- 金融工具外部或內部信用測評的實際或預期顯著惡化(如適用)；
- 債務人經營業績的實際或預期顯著惡化；及
- 科技、市場、經濟或法律環境的目前或預期變動對債務人履行其對本集團責任的能力有重大不利影響。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Significant increases in credit risk (Cont'd)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt investments that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 1(w)(vii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

信用風險大幅上升(續)

取決於金融工具的性質，信用風險大幅上升的評估乃按個別基準或共同基準進行。倘評估為按共同基準進行，金融工具則按共同的信用風險特徵(如逾期狀況及信用風險評級)進行分組。

預期信用虧損於各報告日期進行重新計量以反映金融工具自初步確認以來的信用風險變動。預期信用虧損的任何變動均於損益確認為減值收益或虧損。本集團就所有金融工具確認減值收益或虧損，並通過虧損撥備賬對彼等之賬面值作出相應調整，惟按公平價值計入其他全面收入計量的債務投資(可劃轉)除外，該等投資的虧損撥備乃於其他全面收入確認並於公平價值撥回(可劃轉)中累計。

利息收入的計算基準

根據附註1(w)(vii)利息收入按金融資產的總賬面值計算，除非該金融資產出現信貸減值，在此情況下，利息收入按金融資產的攤銷成本(即總賬面值減虧損撥備)計算。

於各報告日期，本集團評估金融資產是否出現信貸減值。當發生一項或多項對金融資產估計未來現金流量有不利影響的事件時，金融資產出現信貸減值。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Basis of calculation of interest income (Cont'd)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset and lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the asset becomes 90 days past due or when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

利息收入的計算基準(續)

金融資產信用減值的證據包括以下可觀察事件：

- 債務人出現嚴重財務困難；
- 違反合約，如欠繳或拖欠利息或本金付款；
- 借款人很有可能將告破產或進行其他財務重組；
- 科技、市場、經濟或法律環境出現重大變動，對債務人有不利影響；或
- 由於發行人出現財務困難，證券的活躍市場消失。

撇銷政策

若日後實際上不可收回款項，本集團則會撇銷(部分或全部)金融資產的總賬面值。該情況通常出現在本集團確定債務人沒有資產或可產生足夠現金流量的收入來源來償還應撇銷的金額。

隨後收回先前撇銷之資產於收回期間在損益表中確認為減值撥回。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within “trade and other payables” at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(ii) 已發出財務擔保的信用虧損

財務擔保指要求發行人(即擔保人)支付指定款項以向擔保受益人(「持有人」)賠償因指定債務人未能根據債務工具之條款支付到期款項而導致持有人蒙受損失的合約。

已發出的財務擔保初步於「貿易及其他應付款項」中按公允值確認，而該等公允值乃經比較貸方於有擔保下收取的實際利率與於如並無擔保下貸方應收取的估計利率(倘關資料可作出可靠估計)後，參考類似服務的公平交易中所收取的費用(於可獲得該等資料時)或利率差異而釐定。倘於發出該擔保時收取或可收取代價，該代價則根據本集團適用於該類資產的政策而予確認。倘有關代價尚未收取或應予收取，即時開支於損益中確認。

於初始確認後，初始確認為遞延收入的金額於擔保期內按實際利率法於損益中攤銷為已發出財務擔保的收入。

本集團監察特定債務人違約的風險，並當財務擔保的預期信用虧損確定為高於擔保的「貿易及其他應付款項」中的金額(即初始確認金額減累計攤銷)時確認撥備。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(ii) Credit losses from financial guarantees issued (Cont'd)

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(m)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets (other than property carried at revalued amounts);
- intangible assets;
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(ii) 已發出財務擔保的信用虧損(續)

為釐定預期信用虧損，本集團會考慮指定債務人自發出擔保以來的違約風險變動，並會計量12個月的預期信用虧損，惟在指定債務人自發出擔保以來的違約風險大幅增加的情況下除外，在此情況下，則會計量整個存續期的預期信用虧損。附註1(m)(i)所述的相同違約定義及信貸風險大幅增加的相同評估標準適用於此。

由於本集團僅須於根據獲擔保工具的條款指定債務人違約時作出付款，故預期信用虧損乃按預期就補償持有人產生的信用虧損而作出的付款，減本集團預期從擔保持有人(指定債務人或任何其他人士)收取的任何款項估計。有關金額其後將使用現時的無風險利率貼現，並就現金流量的特定風險作出調整。

(iii) 其他非流動資產減值

本集團會在各報告期末審核內部及外界資料，以識別是否有跡象顯示下列資產(除商譽外)可能出現減值或過往確認的減值虧損已不再存在或可能已減少：

- 物業、廠房及設備，包括使用權資產(按重估數額列賬的物業除外)；
- 無形資產；
- 商譽；及
- 在本公司的財務狀況表內對子公司投資。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(iii) Impairment of other non-current assets (Cont'd)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(iii) 其他非流動資產減值(續)

若存在上述任何跡象，則會估計有關資產的可收回金額。此外，就商譽而言，每年估計可收回金額，不論是否有減值跡象。

– 計算可收回金額

資產可收回金額為其公允值減處置成本與使用價值兩者中的較高者。在評估使用價值時，估計未來現金流量會使用可反映當時市場對貨幣時間值及資產特定風險的評估的稅前貼現率，貼現至其現值。倘資產所產生現金流入並非基本上獨立於其他資產所產生者，則以能獨立產生現金流入的最小資產組別(即現金產生單位)釐定可收回金額。

– 確認減值虧損

當資產或其所屬現金產生單位的賬面值超過其可收回金額時，減值虧損於損益確認。就現金產生單位確認的減值虧損，會首先分配以減少分配予該現金產生單位(或該組單位)的任何商譽的賬面值，然後按比例減少該單位(或該組單位)內其他資產的賬面值，但資產賬面值不會減至低於其個別的公允值減處置成本(如可計量)或使用價值(如能釐定)。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(iii) Impairment of other non-current assets (Cont'd)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(n) Inventories and other contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

– Property development

Cost and net realisable values are determined as follows:

– Leasehold land held for future development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition and the premium, if any, payable to the relevant government authorities. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(iii) 其他非流動資產減值(續)

– 撥回減值虧損

有關非商譽資產，倘用作釐定可收回金額的估計出現有利變化，則會撥回減值虧損。商譽的減值虧損不會撥回。

減值虧損的撥回僅限於過往年度並未確認減值虧損而應釐定的資產賬面值。所撥回減值虧損在確認撥回的年度計入損益。

(n) 存貨及其他合約成本

(i) 存貨

存貨是指日常業務過程中持有以作銷售、處在為該等銷售的生產過程中，或在生產過程中或提供服務時耗用的材料或物料形式持有的資產。

存貨以成本值及可變現淨值兩者中的較低者入賬。

– 物業開發

成本及可變現淨額釐定如下：

– 為將來發展而持有以供出售的批租土地

持有待售的批租土地的成本，是指取得土地的成本，以及向有關政府當局支付的溢價(如有的話)。可變現淨值是根據當時的市場狀況，參照管理層的估計確定的。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Inventories and other contract costs (Cont'd)

(i) Inventories (Cont'd)

– Property development (Cont'd)

– Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of interests in freehold and leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 1(y)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– Completed properties held for sale

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In the case of completed properties developed by the Group which comprise of multiple units which are sold individually, the cost of each unit is determined by apportionment of the total development costs for that development project to each unit on a per square foot basis, unless another basis is more representative of the cost of the specific unit. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

– Other inventories

Other inventories mainly include low-value consumption goods and goods for sale. They are carried at the lower of cost and net realisable value.

1 重大會計政策(續)

(n) 存貨及其他合約成本(續)

(i) 存貨(續)

– 物業開發(續)

– 待售在建物業

待售在建物業的成本包括已明確識別的成本，包括於自由保有及租賃土地中的權益的收購成本、發展、物料及供應品總成本、工資及其他直接開支、適當比例之間接費用及資本化借款成本(見附註1(y))。可變現淨值為估計售價減估計完工成本及出售物業所產生的成本後的金額。

– 持作待售已完工物業

持作出售已完工物業的成本包括所有購買成本、轉換成本以及將存貨運往現時位置及達至現狀所產生的其他成本。

倘已完工物業由本集團發展及包括多個單獨出售的單位，則每個單位的成本按該發展項目的發展總成本根據每平方呎基準分配至每個單位而釐定，除非另有基準較能反映指定單位的成本。可變現淨值為估計售價減為售出物業而產生的成本後的金額。

– 其他存貨

其他存貨主要包括低值易耗品及待售品。其他存貨按成本及可變現淨值兩者中的較低者入賬。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Inventories and other contract costs (Cont'd)

(i) Inventories (Cont'd)

– Other inventories (Cont'd)

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(n)(i)).

1 重大會計政策(續)

(n) 存貨及其他合約成本(續)

(i) 存貨(續)

– 其他存貨(續)

成本利用加權平均成本公式計算，並包括所有購買成本、轉換成本以及將存貨運至目前地點及使其達到現狀所產生的其他成本。

可變現淨值為一般業務過程中的估計售價減竣工的估計成本及銷售所需的估計成本。

存貨一經出售，其賬面值在相應收入的確認期間內確認為開支。

將任何存貨撇減至可變現淨值的金額及所有存貨虧損於撇減或虧損發生期內確認為開支。存貨的任何撇減撥回金額在出現撥回期間確認為已確認開支的存貨扣減。

(ii) 其他合約成本

其他合約成本是取得客戶合約的增量成本或履行客戶合約的成本，其並無撥充資本為存貨(見附註1(n)(i))。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**(n) Inventories and other contract costs (Cont'd)****(ii) Other contract costs (Cont'd)**

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (e.g. an incremental sales commission). Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

1 重大會計政策(續)**(n) 存貨及其他合約成本(續)****(ii) 其他合約成本(續)**

取得合約的增量成本為本集團就取得客戶合約而產生，倘未能取得合約則不會產生的成本(例如增量銷售佣金)。倘有關收益的成本將在未來報告期內確認，而成本預期可收回，取得合約的增量成本於產生時會撥充資本。取得合約的其他成本在產生時支出。

倘履行合約的成本與現有合約或可識別的預期合約直接有關；產生或提升將於未來用於提供產品或服務的資源；並預期可收回，則會撥充資本。與現有合約或可識別的預期合約直接有關的成本可能包括直接勞工、直接材料、成本分配、明確向客人收取的成本及僅由於本集團訂立合約而產生的其他成本(例如向分包商支付款項)。其他履行客戶合約的成本(其並無撥充資本為存貨或物業、廠房及設備或無形資產)在產生時支銷。

撥充資本的合約成本按成本減累計攤銷及減值虧損列賬。倘合約成本資產賬面值超過(i)本集團預期收取以交換有關該資產的產品或服務的餘下代價金額，減(ii)任何直接有關提供該等產品或服務，而未確認為開支的成本的淨額，則會確認減值虧損。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Inventories and other contract costs (Cont'd)

(ii) Other contract costs (Cont'd)

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 1(w).

(o) Contracts liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(w)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(p)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(w)).

(p) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All Receivables are subsequently stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(m)(i)).

Insurance reimbursement is recognised and measured in accordance with note 1(v)(i).

1 重大會計政策(續)

(n) 存貨及其他合約成本(續)

(ii) 其他合約成本(續)

當與資產有關的收益獲確認時，撥充資本的合約成本攤銷將自損益扣除。收益確認的會計政策載於附註1(w)。

(o) 合約負債

合約負債乃於客戶在本集團確認相關收益前支付代價時確認(見附註1(w))。倘本集團於本集團確認相關收益前有無條件接納代價的權利，則合約負債亦將予以確認。於此情況下，相應的應收款項亦將予以確認(見附註1(p))。

合約計及重大融資成分時，合約結餘計入按實際利率法累計的利息(見附註1(w))。

(p) 貿易及其他應收款項

應收款項於本集團有無條件權利收取代價時予以確認。倘代價僅隨時間推移即會成為到期應付，則收取代價的權利為無條件。倘收益於本集團擁有無條件權利收取代價前已予確認，則該金額呈列為合約資產。

應收款項不包含按其交易價格進行初始計量的重大融資成分，應收款項和其他應收款項包含按公允價值加交易成本計量應收款項以實際利率法減信用虧損撥備按攤銷成本列賬的重大融資成分(見附註1(m)(i))。

保險報銷按照(附註1(v)(i))確認和計量。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(y)).

(r) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 1(m)(i).

(t) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

1 重大會計政策(續)

(q) 計息借貸

計息借貸初步按公允值減應佔交易成本計量。出售確認後，計息借款採用實際利率法按攤銷成本列賬。利息開支根據本集團借款成本的會計政策予以確認(見附註1(y))。

(r) 貿易及其他應付款項

貿易及其他應付款項初步按公允值確認。貿易及其他應付款項其後按攤銷成本列賬，除非貼現影響並不重大，在此情況下，則按發票金額入賬。

(s) 現金及現金等值物

現金及現金等值物包括銀行存款及現金、存放於銀行及其他金融機構的活期存款，以及短期且流動性極高的投資，該等投資可隨時變現為已知現金數額及無重大價值轉變的風險，於購入後三個月內到期。現金及現金等值物的預計信用虧損乃根據附註1(m)(i)所載的政策進行評估。

(t) 僱員福利

(i) 短期僱員福利及定額供款退休計劃供款

薪金、年度獎金、帶薪年假、定額供款退休計劃及非貨幣福利的成本已於僱員提供合營企業服務的年度內計提。若延遲付款或結算及其影響屬重大，該等款項將按現值入賬。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Employee benefits (Cont'd)

(i) Short term employee benefits and contributions to defined contribution retirement plans (Cont'd)

Obligation for contributions to defined contribution retirement plans pursuant to the relevant labour rules and regulations in the People's Republic of China (the "PRC") are recognised as an expense in profit or loss as incurred, except to the extent that they are included in properties for sale not yet recognised as an expense.

(ii) Equity settled share-based payment

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the equity settled share-based payment reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the equity settled share-based payment reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the equity settled share-based payment reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the equity settled share-based payment reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

1 重大會計政策(續)

(t) 僱員福利(續)

(i) 短期僱員福利及定額供款退休計劃供款(續)

除已計入待售物業而尚未確認為支出者外，根據中華人民共和國(「中國」)相關勞動法規及規例向定額供款退休計劃作出供款的責任在產生時於損益確認為支出。

(ii) 以權益結算以股份為基礎的付款

向僱員所授購股權的公允值確認為僱員成本，並於權益的以權益結算以股份為基礎的付款儲備作出相應增加。公允值是於授出日期使用二項式期權定價模式並計及所授出購股權的條款及條件計量。倘僱員須在無條件享有購股權前符合歸屬條件，則購股權的估計公允值總額經考慮購股權的歸屬可能性後於歸屬期內攤分。

歸屬期內會審閱預期將歸屬的購股權數目。除非原僱員開支合資格確認為資產，否則對過往年內已確認累計公允值所作出的任何調整，均在審閱年度自損益扣除/計入損益，並對以權益結算以股份為基礎的付款儲備作出相應調整。於歸屬日期，會對確認為開支的數額作出調整，以反映所歸屬購股權的實際數目(並對以權益結算以股份為基礎的付款儲備作出相應調整)，但僅因未能達成與本公司股份市價有關的歸屬條件而遭失效的購股權則除外。權益金額於以權益結算以股份為基礎的付款儲備確認，直至購股權獲行使(屆時會轉撥至股本溢價)或購股權屆滿(屆時會直接撥入保留利潤)為止。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**(u) Income tax**

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

1 重大會計政策(續)**(u) 所得稅**

年度所得稅包括即期稅項及遞延稅項資產與負債變動。即期稅項及遞延稅項資產與負債變動均在損益確認，但倘該等項目與於其他全面收入表或直接於權益確認的項目有關，則有關稅項分別於其他全面收入表或直接於權益確認。

當期所得稅是本年度應納稅所得額的預期應納稅額，使用報告期末頒布或實質頒布的稅率，以及對以前年度應納稅額的任何調整。

遞延稅項資產及負債分別由可抵扣和應稅暫時差異產生，即財務報告所呈報資產及負債的賬面值與其稅基之間的差異。遞延稅項資產亦會因未動用稅項虧損及未動用稅項抵免而產生。

除若干有限例外情況外，所有遞延稅項負債及所有遞延稅項資產均於日後可能有應課稅利潤用以抵銷可動用資產時確認。可支持確認源自可扣稅暫時性差額的遞延稅項資產的日後應課稅利潤，包括該等源自撥回現有應課稅暫時性差額者，但該等差額須與相同稅務機關及相同應課稅實體有關，並預期於撥回可扣減暫時性差額的同一期間或源自遞延稅項資產的稅項虧損可撥回或結轉的期間撥回。在評定現有應課稅暫時性差額是否支持確認因未動用稅項虧損及抵免產生的遞延稅項資產時採用相同的標準，即倘該等暫時性差額與相同稅務機關及相同應課稅實體有關，並預期於可使用稅項虧損或抵免期間內撥回，則會考慮確認遞延稅項資產。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Income tax (Cont'd)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

1 重大會計政策(續)

(u) 所得稅(續)

確認遞延稅項資產及負債的有限例外情況為不可就稅務目的扣減的商譽、不影響會計或應課稅利潤的資產或負債的初步確認(前提是他們不屬於業務合併的一部分)所產生的暫時性差額，以及有關投資子公司的暫時性差額(如屬應課稅差額可以由本集團控制轉回時間，而且在可預見的未來不大可能轉回的差額，或如屬可扣減差額，則僅限於很可能在未來轉回的差額)。

凡投資物業之公允值按附註1(i)所載的會計政策計量，其遞延稅項的確認以用於報告日期之資產出售的賬面值的稅率為準，除非該物業是可折舊的，並存在於某商業模式，其目的是隨著時間的推移消耗實質上附於該物業的所有經濟利益，而不是通過出售。在所有其他情況下，已確認的遞延稅項按預期變現或清償資產及負債賬面值的方式，以報告期末已頒佈或實質已頒佈的稅率計算。遞延稅項資產及負債並未貼現。

遞延稅項資產的賬面值會於各報告期末審閱，並扣減至不再可能取得足夠應課稅利潤以動用有關稅務利益為止。任何減幅會於可能取得足夠應課稅利潤時撥回。

分派股息所產生的額外所得稅於確認支付相關股息的責任時確認。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Income tax (Cont'd)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Provisions and contingent liabilities

(i) Provisions and contingent liabilities

Provisions are recognised when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

1 重大會計政策(續)

(u) 所得稅(續)

即期稅項結餘與遞延稅項結餘及其變動單獨呈列，且不予抵銷。即期稅項資產與即期稅項負債以及遞延稅項資產與遞延稅項負債只會在本公司或本集團有法定執行權以即期稅項資產抵銷即期稅項負債，並在符合下列附帶條件的情況下，方可相互抵銷：

- 如屬即期稅項資產及負債，本集團計劃按淨額基準結算，或同時變現該資產及清償該負債；或
- 如屬遞延稅項資產及負債，倘他們與相同稅務機關就以下其中一項徵收的所得稅有關：
 - 相同應課稅實體；或
 - 不同應課稅實體，計劃在預期有重大金額的遞延稅項負債或資產須予清償或可收回的各未來期間，按淨額基準變現即期稅項資產及清償即期稅項負債，或同時變現即期稅項資產及清償即期稅項負債。

(v) 撥備及或然負債

(i) 撥備及或然負債

當本集團或本公司須就過往事件承擔法定或推定責任，且履行責任可能須流出經濟利益並可作出可靠估計時，便會確認撥備。倘貨幣的時間價值重大，則按預計履行該責任所需支出的現值計提撥備。

倘若結算撥備的部分或全部支出預計將由另一方償還，則將確定的預期償還確認為一項單獨的資產，確認的償還金額以撥備的賬面價值為限。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(v) Provisions and contingent liabilities (Cont'd)

(i) Provisions and contingent liabilities (Cont'd)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent liabilities assumed in business combination

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised and the amount that would be determined in accordance with note 1(v)(i).

(w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

1 重大會計政策(續)

(v) 撥備及或然負債(續)

(i) 撥備及或然負債(續)

倘不大可能需要流出經濟利益，或有關數額無法可靠估計，則該責任披露為或然負債，但倘流出經濟利益的可能性極低則除外。須視乎一宗或多宗未來事件是否發生才能確定存在與否的可能責任亦披露為或然負債，但倘流出經濟利益的可能性極低則除外。

(ii) 企業合併中承擔的或有負債

在企業合併中承擔的或有負債在收購日為現時義務，只要公允價值能夠可靠地計量，則按公允價值進行初始確認。以公允價值進行初始確認後，此類或有負債按初始確認金額與根據附註1(v)(i)確定的金額中較高者進行確認。

(w) 收益確認

當於本集團業務的一般過程中提供服務或其他人士根據租約使用本集團的資產產生收益時，本集團將收入分類為收益。

當產品或服務的控制權轉移至客戶或承租人有權使用資產時，按本集團將有權授權的承諾代價金額確認收益，不包括代表第三方收取的款項。收益不包括增值稅或其他銷售稅，乃經扣除任何貿易折扣。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**(w) Revenue and other income (Cont'd)**

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sales of properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when the property is delivered to customers, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities (see note 1(o)).

1 重大會計政策(續)**(w) 收益確認(續)**

倘合約載有向客戶提供融資福利超過12個月的融資部分，收益按應收款項的現值計量，採用將於與客戶的單獨融資交易中反映的貼現率進行貼現，而利息收入則按實際利率法單獨應計。倘合約載有向本集團提供重大融資福利的融資部分，則根據合約確認的收益包括採用實際利率法就合約負債應計的利率開支。本集團利用香港財務報告準則第15號第63段的實際權益方法，並不調整在融資期間為12個月或以下情況下重大融資部分任何影響的代價。

有關本集團收益及其他收入確認政策的進一步詳情如下：

(i) 銷售物業

於日常業務過程中出售待售已開發物業所產生的收益於物業交付予客戶時（即客戶有能力指示物業使用及取得物業絕大部分餘下利益的時間點）確認。在收益確認日期之前就物業所收取的按金及分期付款列入財務狀況表內的合約負債項下（見附註1(o)）。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Revenue and other income (Cont'd)

(i) Sales of properties (Cont'd)

For contracts where the period between the payment by the customer and the transfer of the promised property exceeds one year, the transaction price and the amount of revenue from the sales of completed properties is adjusted for the effects of a financing component. If the advance payments by the customer are regarded as providing a significant financing benefit to the Group, interest expense arising from the adjustment of time value of money will be accrued by the Group during the period between the payment date and the date of delivery of property. This accrual increases the balance of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under IAS 23, Borrowing costs, in accordance with the policies set out in note 1(y).

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iii) Service fee income

Service fee income in relation to property management service, advertising service and other ancillary services are recognised when such services are provided to customers.

1 重大會計政策(續)

(w) 收益確認(續)

(i) 銷售物業(續)

對於客戶付款和轉讓承諾財產之間的期限超過一年的合同，交易價格和已完工財產的銷售收入金額根據融資部分的影響進行調整。如果客戶的預付款被視為為本集團提供了重大融資利益，則本集團將在付款日至財產交付日之間的期間內計提因調整貨幣時間價值而產生的利息費用。該應計項目增加了施工期間合同負債的餘額，因此增加了完工物業控制權移交給客戶時確認的收入金額。除非根據附註1(y)中規定的政策，有資格根據國際會計準則第23號「借款成本」進行資本化，否則利息應計費用。

(ii) 經營租賃的租金收入

經營租賃的應收租金收入在租期所涵蓋的期間內，以等額分期款項於損益確認，但倘有其他基準更清楚地反映使用租賃資產所產生之收益模式則除外。獲授的租賃優惠於損益確認為應收租賃淨付款總額的組成部分。不取決於指數或比率的可變租賃付款額在產生的會計期間確認為收入。

(iii) 服務費收入

有關物業管理服務、廣告服務及其他配套服務的服務費收入於向客戶提供該等服務時確認。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Revenue and other income (Cont'd)

(iv) *Income from trading business*

Revenue is recognised when the customer takes possession of and accepts the products.

(v) *Finance lease income*

Finance lease income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the net investment of the finance lease or a shorter period, when appropriate, to the net carrying amount of the net investment of the finance lease.

(vi) *Dividends*

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(vii) *Interest income*

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(m)(i)).

1 重大會計政策(續)

(w) 收益確認(續)

(iv) *貿易業務收入*

當產品控制權轉移至客戶時確認收益。

(v) *融資租賃收入*

融資租賃收入，按應計基準以實際利率法按融資租賃的投資淨額在預計可使用年期或更短期間(如適用)估計在日後收取的現金貼現至融資租賃投資淨值的賬面淨值之實際利率確認。

(vi) *股息*

來自非上市投資的股息收入於股東收取付款的權利確立時確認。

(vii) *利息收入*

利息收入使用實際利率法於產生時確認。就按攤銷成本計量且並無出現信貸減值的金融資產而言，資產的賬面總值適用實際利率。就出現信貸減值的金融資產而言，資產的攤銷成本(即扣除虧損撥備的賬面總值)適用實際利率(見附註1(m)(i))。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Revenue and other income (Cont'd)

(viii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of assets are initially recognised as deferred income and subsequently deducted from the carrying amount of assets and consequently are effectively recognised in profit or loss when the inventories are sold or transferred to investment properties upon meeting the relevant conditions, if any, attaching to them.

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

1 重大會計政策(續)

(w) 收益確認(續)

(viii) 政府補助

倘可合理保證本集團能收取政府補助且符合有關補貼所附條件，則政府補助初步於財務狀況表確認。補償本集團所涉開支的補助於開支產生期間有系統地於損益確認為收入。補償本集團資產成本的補助初步確認為遞延收入，其後自資產賬面值扣除，最終於符合所附條件(如有)而出售或轉移存貨至投資物業時於損益有效確認。

(x) 外幣換算

年內外幣交易按交易日期現行的匯率換算。以外幣計值的貨幣資產及負債按報告期末現行的匯率換算。匯兌收益及虧損於損益確認。

以外幣計值並按歷史成本計量的非貨幣資產及負債按交易日期現行的匯率換算。交易日期為公司初始確認有關非貨幣資產或負債之日。以外幣計值並按公允值計量的非貨幣資產及負債按計量公允值當日現行的匯率換算。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**(x) Translation of foreign currencies (Cont'd)**

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1 重大會計政策(續)**(x) 外幣換算(續)**

海外經營業績按交易日期現行匯率的近似匯率換算為人民幣。財務狀況表項目按各報告期末的收市匯率換算為人民幣。所產生的匯兌差額於其他全面收益確認，並於權益的外匯儲備內單獨累計。

出售境外業務時，有關境外業務匯兌差額的累計金額於確認出售損益時自權益重新分類至損益。

(y) 借貸成本

購置、興建或生產需要長時間籌備以作擬定用途或出售的資產直接相關的借貸成本資本化為該資產的部分成本。其他借貸成本於產生期間支銷。

當產生資產開支與借貸成本且正進行籌備資產以作擬定用途或出售的必要工作時，則開始將借貸成本資本化為合資格資產成本一部分。當籌備合資格資產以作擬定用途或出售的必要工作絕大部分中斷或完成時，會暫停或終止將借貸成本資本化。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(z) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (z)(a).
 - (vii) A person identified in (z)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

1 重大會計政策(續)

(z) 關聯方

- (a) 倘屬以下人士，則該人士或該人士的近親家庭成員與本集團有關聯：
- (i) 對本集團擁有控制權或共同控制權；
 - (ii) 對本集團擁有重大影響力；或
 - (iii) 為本集團或本集團母公司的主要管理層成員。
- (b) 倘實體符合以下條件，則與本集團有關聯：
- (i) 該實體與本集團屬同一集團的成員公司(即各母公司、子公司及同系子公司彼此間有關連)。
 - (ii) 一間實體為另一間實體的聯營企業或合營企業(或該其他實體所屬集團的公司的聯營企業或合營企業)。
 - (iii) 兩間實體均為同一第三方的合營企業。
 - (iv) 一間實體為第三方實體的合營企業，而另一實體亦為同一第三方實體的聯營企業。
 - (v) 該實體為本集團或與本集團有關聯的實體就僱員福利而設的離職後福利計劃。
 - (vi) 該實體受(z)(a)所定義人士控制或受共同控制。
 - (vii) 於(z)(a)(i)所定義人士對該實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。
 - (viii) 該實體或該實體所屬集團的任何成員公司向該集團或集團母公司提供主要管理層成員服務。

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(z) Related parties (Cont'd)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGEMENT AND ESTIMATES

Sources of estimation uncertainty

Notes 1(b), 11, 13 and 34 contain information about the assumptions and their risk factors relating to assessing whether the Group will have sufficient financial resources to continue as a going concern, valuation of investment property and financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Valuation of investment properties

As described in Note 11, investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers.

1 重大會計政策(續)

(z) 關聯方(續)

一名人士的近親家庭成員指預期在與實體的交易中可影響該人士或受該人士影響的家庭成員。

(aa) 分部報告

本集團為分配資源予本集團各項業務及各個地區以及評估各項業務及各個地區的業績，會定期向本集團大多數高級行政管理層提供財務資料。從該等資料中可找出於合併財務報表呈列的經營分部及各分部項目金額。

個別重大經營分部不會於財務申報時匯總，除非該等分部擁有相若的經濟特性，且其產品及服務性質、生產流程性質、客戶類型或類別、用以分銷產品或提供服務的方法以及監管環境的性質均相若。倘個別不重大經營分部擁有大部分該等特徵，則可能會匯總。

2 會計判斷及估計

估計不確定因素的來源

有關對本集團是否有充足的財務資源以持續經營與投資物業估值及金融工具的公允值的假設及其風險因素的資料載於附註1(b)、11、13及34。估計不確定因素的其他主要來源如下：

(i) 投資性房地產估價

如附註11所述，投資性房地產根據獨立機構之專業評估師進行的估價以公允價值列報。

2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

Sources of estimation uncertainty (Cont'd)

(i) Valuation of investment properties (Cont'd)

In determining the fair value of investment properties, the valuers have based on a method of valuation which involves, inter alia, certain estimates including current market rents and market price for similar properties in the same location, and condition, appropriate discount rates and expected future market rents.

In relying on the valuation report, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions.

(ii) Impairment for interests in joint ventures

As explained in note 1(m)(iii), the Group determines that investment in joint ventures is impaired when there has been a significant or prolonged decline in the recoverable amount below its cost. Management assesses the differences between the carrying amount and recoverable amount and makes provision for impairment loss. Any change in the assumptions adopted in calculating the recoverable amount would increase or decrease the provision for impairment loss and affect the Group's financial position. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to items such as level of discount rates and the expected long-term growth rate. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue, amount of operating costs.

2 會計判斷及估計(續)

估計不確定因素的來源(續)

(i) 投資性房地產估價(續)

在確定投資性房地產的公允價值時，評估師所依據的評估方法涉及某些會計估計，包括目前市場租金、處於同一位置及同一狀態的相似物業的市場價格、合適的折現率和預期的未來市場租金。

管理層依靠評估報告作出判斷，並認同評估方法反映了當前的市場狀況。

(ii) 合營企業權益減值

如附註1(m)(iii)所述，當可收回金額顯著或長期低於成本時，本集團認為對合營企業的投資發生減值。管理層評估賬面價值與可收回金額之間的差額，並計提減值損失準備。在計算可收回金額時所採用的假設的任何變化都會增加或減少減值損失準備，並影響本集團的財務狀況。在確定使用價值時，將資產產生的預期現金流折現為其現值，這需要對折現率水平和預期長期增長率等項目作出重大判斷。本集團使用所有已有信息來確定可收回金額的合理近似值，包括基於合理和可支持的對收入、運營成本的假設及預測。

2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)**Sources of estimation uncertainty (Cont'd)****(iii) Recognition of government grants**

Government grants are initially recognised by the Group as a deferred income in the consolidated statement of financial position when an amount is received and are subsequently recognised or amortised in profit or loss on a systematic basis when there is reasonable assurance that the Group will comply with the specific conditions attached to the government grants. The Group is required to fulfil the requirements agreed with the local governments when conducting the related infrastructure construction and the Group assesses whether the conditions attached to the government grants are met based on management's best estimates, particularly in interpreting the fulfilment of conditions which are not clearly stated in the respective agreements.

(iv) Provision for PRC LAT

As explained in note 6(a), the Group has estimated, made and included in tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual PRC LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for PRC LAT is calculated. Significant judgment is required in determining the level of provision, as the calculation of which depends on the ultimate tax determination. Given the uncertainties of the calculation basis of PRC LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at the end of the reporting period. Any increase or decrease in the actual outcomes/estimates will impact the income tax provision in the period in which such determination is made.

2 會計判斷及估計(續)**估計不確定因素的來源(續)****(iii) 政府補助確認**

本集團於收到政府補助時在合併財務狀況表初步確認為遞延收入，其後合理確定本集團將滿足接受政府補助的條件時按系統基準在損益內確認或攤銷。本集團於進行相關基礎設施建設時須符合與地方政府協定之規定，本集團根據管理層的最佳估計，評估是否已滿足政府補助的附帶條件，尤其是在相關協定並無明確說明履行條件的情況。

(iv) 中國土地增值稅撥備

誠如附註6(a)所述，本集團已根據相關中國稅務法律法規所載規定，估計、作出及在稅項內計入中國土地增值稅撥備。實際的中國土地增值稅負債須待物業開發項目完工後，由稅務當局釐定，而稅務當局可能不同意本集團計算中國土地增值稅撥備的基準。由於中國土地增值稅撥備視乎最終稅額計算而定，故釐定撥備水平時須作出重大判斷。鑑於當地稅務局所詮釋的中國土地增值稅計算基準並不確定，實際結果可能會高於或低於報告期末所估計者。實際結果／估計的任何增減均會影響作出有關計算期間的所得稅撥備。

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2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

Sources of estimation uncertainty (Cont'd)

(v) Determining the provision for inventories

As explained in note 1(n), the Group's land held for future development, properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject property, the Group makes estimates of the selling price, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties.

If there is an increase in costs to completion or a decrease in net sales value, provision for completed properties held for sale, properties held for future development and under development for sale may be resulted. Such provision requires the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Given the volatility of the PRC property market and the distinctive nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

(vi) Impairment for trade and other receivables

The Group expected credit losses (ECL) for trade and other receivables resulting from the inability of the customers to make the required payments. The Group bases the estimates on the aging of the trade and other receivable balance, customer creditworthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual provisions would be higher than estimated.

2 會計判斷及估計(續)

估計不確定因素的來源(續)

(v) 釐定存貨減值

誠如附註1(n)所釋，本集團未來待開發土地、在建物業及待售已完工物業按成本與可變現淨值兩者中的較低數額列賬。根據本集團近期經驗及有關物業的性質，本集團就售價、在建物業的竣工成本及出售該物業的成本作出估計。

倘竣工成本增加或淨銷售額減少，則可能須就待售已完工物業、待售未來待開發物業及待售在建物業作出撥備。該等撥備需要運用判斷及估計。倘預期異於最初估計，則該等物業的賬面值及撥備於有關估計變動期間將相應予以調整。

鑑於中國物業市場波動及個別物業獨特性質使然，成本及收益的實際結果可能會高於或低於報告期末所估計者。撥備的任何增減均會影響未來年度的損益。

(vi) 貿易及其他應收款項減值

本集團會對因客戶未能作出所需付款所產生的貿易及其他應收款項的預期信用虧損作出估計。本集團根據貿易及其他應收款項結餘的賬齡、客戶信譽及過往撇銷經驗作出估計。倘客戶的財務狀況惡化，則實際撇銷金額將高於預期。

2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

Sources of estimation uncertainty (Cont'd)

(vii) Recognition of deferred tax assets

Deferred tax assets are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(viii) Determining the deferred taxation on investment properties

The Group has leased out certain of the completed properties to third parties whereby the directors consider that such arrangement is not temporary. In the circumstance, the Group has decided to treat those properties as investment properties (and reclassifying them from completed properties held for sale to investment properties) because it is the Group's intention to hold these properties in long-term for rental income and/or capital appreciation.

Under IAS 12, deferred tax is required to be measured with reference to the tax consequences that would follow the manner in which the entity expects to recover the carrying amount of the assets in question. In this regard, IAS 12 has a rebuttable presumption that the carrying amount of investment property carried at fair value under IAS 40, Investment property, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

2 會計判斷及估計(續)

估計不確定因素的來源(續)

(vii) 遞延稅項資產確認

遞延稅項資產按報告期末已頒佈或實質頒佈的稅率，根據預期變現或結算資產賬面值的方式確認及計量。釐定遞延稅項資產賬面值時，預期應課稅利潤的估計涉及多項有關本集團經營環境的假設，需要董事行使重大程度的判斷。該等假設及判斷的任何變動將影響將予確認的遞延稅項資產賬面值，從而影響未來年度淨利。

(viii) 釐定投資物業之遞延稅項

本集團已向第三方租出若干已完工物業，據此董事認為該等安排並非臨時性安排。在此情況下，本集團決定將該等物業視為投資物業(並將其自待售已完工物業重新歸類為投資物業)，乃因本集團擬將該等物業用作長期租金收入及/或資本升值。

根據國際會計準則第12號，遞延稅項須按企業預期收回有關資產賬面值之方式可能產生之稅務後果計量。就此而言，國際會計準則第12號引入一項可予駁回之假設：根據國際會計準則第40號「投資物業」，以公允值列賬之投資物業之賬面值將通過出售收回。此假設以單獨物業為基礎可被反駁，假如該投資物業是可以折舊及以一種業務模式持有，而該模式的目的是旨在假以時日消耗該投資物業大部分經濟收益，而非經出售。

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2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

Sources of estimation uncertainty (Cont'd)

(viii) Determining the deferred taxation on investment properties (Cont'd)

In this connection, the Group has reviewed its investment property portfolio on a regular basis and has concluded that as at 31 December 2021, the Group has determined that each of these properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time and consequently the presumption in IAS 12 is rebutted for these properties. As a result, the Group has continued to measure the deferred tax relating to these other properties using the tax rate that would apply as a result of recovering their value through use.

3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are development, sales and operation of residential properties, commercial trade and logistics centers, and trading business in the Mainland China.

Revenue represents income from sales of properties, property management services income and rental income net of sales related taxes and is after deduction of any trade discounts.

2 會計判斷及估計(續)

估計不確定因素的來源(續)

(viii) 釐定投資物業之遞延稅項

就此而言，本集團已定期審核投資物業組合併得出結論，於2020年12月31日，本集團已確定持有各項物業所奉行之業務模式均為旨在假以時日消耗投資物業所包含之絕大部分經濟利益，故就該等物業駁回國際會計準則第12號中之假設。因此，本集團繼續採用將在透過使用而收回價值之情況下適用之稅率就該等其他物業計量遞延稅項。

3 收益及分部報告

本集團的主要業務為在中國內地進行住宅物業、商貿物流中心及貿易業務的開發、銷售及經營。

收入指扣除任何貿易折扣後的銷售物業，物業管理服務收入及銷售相關稅項的租金收入後的收入。

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3 REVENUE AND SEGMENT REPORTING (Cont'd)

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Revenue from contracts with customers within the scope of IFRS 15	國際財務報告準則第15號範圍內的客戶合約收益		
– Sales of properties	– 物業銷售	3,898,446	3,594,985
– Property management services	– 物業管理服務	90,327	70,595
– Trading business	– 貿易業務	1,482,678	2,582
– Others	– 其他	49,219	27,987
		5,520,670	3,696,149
Revenue from other sources	其他來源的收益		
Rental income	租金收入	50,214	41,009
		5,570,884	3,737,158

The Group's customer base is diversified and none of the customer with whom transactions have exceeded 10% of the Group's revenue.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments.

- Property development and related services: this segment mainly provides revenue arising from the sale of properties developed for sale in the ordinary course of business, also provides value-added business such as property management services and rental services.

3 收益及分部報告(續)

(a) 收益分解

客戶合約收益按主要產品或服務類型分解如下：

	2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Revenue from contracts with customers within the scope of IFRS 15		
– 物業銷售	3,898,446	3,594,985
– 物業管理服務	90,327	70,595
– 貿易業務	1,482,678	2,582
– 其他	49,219	27,987
	5,520,670	3,696,149
Revenue from other sources		
租金收入	50,214	41,009
	5,570,884	3,737,158

本集團的客戶群呈多元化，沒有一名客戶的交易額佔本集團收益的10%以上。

(b) 分部報告

本集團按部門管理其業務，這些部門由業務線(產品和服務)混合組成。按照與向本集團最高行政管理層內部報告信息以進行資源分配和績效評估的方式一致的方式，本集團已確定兩個可報告分部。

- 物業開發及相關服務：該分部主要提供在日常業務過程中開發用於銷售的物業的銷售收入，同時提供物業管理服務及租賃服務等增值業務。

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3 REVENUE AND SEGMENT REPORTING (Cont'd)

(b) Segment reporting (Cont'd)

- Trading business: this segment mainly operates trading of non-ferrous metals and chemical products.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets, and interests in a joint venture directly managed by the segment, with the exception of deferred tax assets, other non-current assets, other financial assets and prepaid tax. Segment liabilities include trade and other payables, amounts due to controlling shareholders, other financial liabilities, deferred income, contract liabilities and lease liabilities attributable to the sales activities of the individual segments and senior notes and bank loans, other financial liabilities and other borrowings managed directly by the segments. Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items which are non-recurring or not specifically attributed to individual segments, such as other income, impairment loss on financial assets measured at amortisation cost, fair value gain on investment properties and share of profits less losses of joint ventures.

3 收益及分部報告(續)

(b) 分部報告(續)

- 貿易業務：該分部主要經營有色金屬貿易和化工產品。

為評估分部表現及分配分部之間的資源，本集團高級行政管理人員乃按以下基準監察各可呈報分部應佔業績、資產及負債：

分部資產包括所有有形、無形資產及流動資產，由經營分部直接控制的惟合營公司權益、遞延稅項資產、其他非流動資產、其他金融資產和預付稅項除外。分部負債包括個別分部之銷售活動應佔之貿易及其他應付款項、應付控股股東款項、其他金融負債、遞延收入、合約負債和租賃負債、優先票據和銀行借貸以及其他金融負債及其他借貸，由各分部直接管理。收入及開支乃經參考該等分部產生之銷售額及該等分部產生的支出(該等分部應佔資產之折舊或攤銷所產生者除外)分配予可呈報分部。

用於報告分部利潤的計量是「調整後 EBITDA」，即「調整後的利息、稅項、折舊和攤銷前利潤」，其中「折舊和攤銷」被視為包括非流動資產的減值損失。為得出調整後的，本集團的盈利會進一步調整非經常性或非特定歸屬於個別分部的項目，例如其他收入、以攤銷成本計量的金融資產減值虧損、投資物業及股份的公允價值收益合營企業的利潤減去虧損。

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(除另有指明外，均以人民幣列示)

3 REVENUE AND SEGMENT REPORTING (Cont'd)

(b) Segment reporting (Cont'd)

Disaggregation of revenue from contracts with customers, revenue from other sources as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

3 收益及分部報告(續)

(b) 分部報告(續)

為分配資源和評估期內分部業績而向本集團最高行政管理層提供的來自客戶合同的收入、來自其他來源的收入以及有關本集團可報告分部的信息的分類如下。

		Property development and related services 物業開發及相關服務		Trading business 商品貿易		Total 總計	
		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元	2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元	2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Reportable segment revenue	報告分部收入	4,088,206	3,734,576	1,482,678	2,582	5,570,884	3,737,158
Reportable segment profit (adjusted EBITDA)	報告分部盈利 (經調整息稅前利潤)	100,209	807,066	1,411	1,325	101,620	808,391
Finance income	財務收入	51,947	38,849	11,286	-	63,233	38,849
Finance costs	融資成本	(276,262)	(276,788)	(20,712)	-	(296,974)	(276,788)
Depreciation and amortisation for the year	期內折舊及攤銷	(35,868)	(35,721)	-	-	(35,868)	(35,721)
Impairment loss on financial assets measured at amortisation costs	按攤銷成本計量的金融資產減值虧損	(12,073)	(28,109)	-	-	(12,073)	(28,109)
Fair value (loss)/gain on investment properties	投資物業的公允價值(虧損)/收益	(9,700)	172,315	-	-	(9,700)	172,315
As at 31 December	於12月31日						
Reportable segment assets	可呈報分部資產	22,580,246	18,079,081	983,092	80,103	23,563,338	18,159,184
Reportable segment liabilities	可呈報分部負債	16,961,658	12,175,513	693,197	26,779	17,654,855	12,202,292

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3 REVENUE AND SEGMENT REPORTING (Cont'd)

(c) Reconciliations of reportable segment revenue, profit, assets and liabilities

3 收益及分部報告(續)

(c) 可呈報分部收入、利潤、資產及負債調節表

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Revenue	收入		
Reportable segment revenue and consolidated revenue	可呈報分部收入和綜合收入	5,570,884	3,737,158
Profit	利潤		
Reportable segment profit derived from Group's external customers	源自本集團外部客戶之可呈報分部利潤自集團外客戶的可報分部利潤	101,620	808,391
Other net (loss)/income	其他淨(損失)/收入	(165,755)	47,187
Impairment loss on financial assets measured at amortisation costs	以攤餘成本計量的金融資產減值損失按攤銷成本計量的金融資產減值虧損	(12,073)	(28,109)
Depreciation and amortisation	折舊與攤銷折舊和攤銷	(35,868)	(35,721)
Fair value (loss)/gain on investment properties	投資物業公允價值(虧損)/收益	(9,700)	172,315
Share of profits less losses of joint ventures	分佔合營企業虧損佔合營公司收益減虧損	(152)	(241)
Finance costs	融資成本	(296,974)	(276,788)
Finance income	財務收入財務收入	63,233	38,849
Consolidated (loss)/profit before taxation	除稅前綜合(虧損)/利潤	(355,669)	725,883

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3 REVENUE AND SEGMENT REPORTING (Cont'd)

(c) Reconciliations of reportable segment revenue, profit, assets and liabilities (Cont'd)

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Assets	資產		
Reportable segment assets	可呈報告分部資產	23,563,338	18,159,184
Elimination of inter-segment receivables	抵消分部間應收款項	(367,489)	(14,704)
		23,195,849	18,144,480
Interests in joint ventures	合營企業中權益	124,040	125,359
Deferred tax assets	遞延所得稅項資產	193,616	215,325
Other non-current assets	其他非流動資產	65,376	337,888
Other financial assets	其他金融資產	10	9,000
Prepaid tax	預付稅款項	294,074	144,949
Consolidated total assets	合併總資產	23,872,965	18,977,001

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Liabilities	負債		
Reportable segment liabilities	可呈報告分部負債	17,654,855	12,202,292
Elimination of inter-segment payable	抵消分部間應付款項	(367,489)	(14,704)
		17,287,366	12,187,588
Current tax liabilities	即期稅項負債	795,484	736,413
Deferred tax liabilities	遞延所得稅項負債	132,988	194,636
Consolidated total liabilities	合併總負債	18,215,838	13,118,637

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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3 REVENUE AND SEGMENT REPORTING (Cont'd)

(d) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied at 31 December:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Remaining performance obligations expected to be satisfied:	餘下履約責任預計於以下期限履行：		
Within 1 year	1年內	3,722,899	2,330,108
1 year to 2 years	1至2年	264,054	347,567
		3,986,953	2,677,675

These amounts represent revenue expected to be recognised in the future from pre-completion sales contracts for properties under development entered into by the customers with the Group. These amounts include the significant financing components of the pre-completion properties sales contracts under which the Group obtains significant financing benefits from the customers (see note 1(w)(i)).

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its property management service contracts such that the above information does not include information about revenue that the Group will be entitled to when it has a right to invoice, which corresponds directly to the value to the customer of the Group's performance completed to date.

3 收益及分部報告(續)

(d) 因報告日期存續的客戶合約而導致預期於日後確認的收益

下表載列有關2021年12月31日尚未履行的履約責任預期於日後確認的收益。

該等金額指來自客戶與本集團就在建物業訂立的預完成銷售合約預期於日後確認的收益。該等金額包括預完成物業銷售合約的重大融資部份，本集團據此從客戶取得重大融資利益(見附註1(w)(i))。

本集團已對其物業管理服務合約應用國際財務報告準則第15號第121段的實際權宜方法，故而上述資料不包括本集團有權開發票時有權取得的收益相關資料，而有關收益與本集團迄今完成的履約對客戶的價值直接相關。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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4 OTHER NET (LOSS)/INCOME

4 其他淨(損失)/收入

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Net realised and unrealised fair value gain from financial assets and liabilities measured at FVTPL	按公允值計量且變動計入當期損益的金融資產的公允值收益淨額及未實現公允值收益	(5,851)	61,529
Net loss on disposal of investment properties	出售投資物業的淨虧損	(5,667)	(25,017)
Net loss on disposal of subsidiaries (note 21(f))	出售子公司的淨虧損(附註21(f))	(105,701)	-
Net loss on disposal of other non-current assets (i)	出售其他非流動資產的淨虧損(i)	(88,249)	-
Gain on bargain purchase of subsidiaries (ii)	收購子公司的收益(ii)	20,954	-
Net gain on disposal of property, plant and equipment	出售物業、廠房及設備的收益淨額	3,650	900
Government grants	政府補助	8,792	5,178
Net gain on disposal of a joint venture	出售合營公司的淨收益	-	650
Others	其他	6,317	3,947
		(165,755)	47,187

Notes:

- (i) During the year, the Group disposed certain equity investments at a total consideration of RMB180,407,000, resulting a disposal loss of RMB88,249,000.
- (ii) During the year, based on a co-operation agreement signed and revised articles of association of Jining Hydoo Beichuang Real Estate Development Company Limited ("Jining Beichuang"), the Group exercised control over Jining Beichuang, which became the non-wholly owned subsidiary of the Group. As a result, gain on bargain purchase of subsidiaries of RMB20,954,000 was recognised (note 21(e)).

附註：

- (i) 本集團於2021年以人民幣180,407,000元的對價處置了股權投資，確認處置損失人民幣88,249,000元。
- (ii) 於2021年本集團根據與部分主體簽訂的合作協議及修訂章程對濟寧毅德北創置業有限公司(「濟寧北創」)實施控制，濟寧北創成為本集團的非全資子公司。購買該部分非全資子公司的收益為人民幣20,954,000元(附註21(e))。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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5 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after (crediting)/charging:

(a) Finance income and finance costs

5 (虧損)/除稅前利潤

(虧損)/稅前利潤經(計入)/扣除下列各項後得出：

(a) 財務收入及融資成本

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Finance income	財務收入		
Bank interest income	銀行利息收入	(37,880)	(8,495)
Other interest income	其他利息收入	(25,161)	(30,354)
		(63,041)	(38,849)
Net foreign exchange gain	匯兌收益淨額	(192)	-
		(63,233)	(38,849)
Finance costs	融資成本		
Interest on bank loans and other borrowings	銀行貸款及其他借貸的利息	163,438	108,181
Interest on amounts due to a non-controlling interest	應付非控股權益款項利息	73,523	-
Interest on senior notes	優先票據利息	295,307	260,640
Interest on lease liabilities	租賃負債利息	4,316	4,158
Interest on corporate bonds	公司債券利息	-	5,717
Accrued interest on significant financing component of contract liabilities	合約負債的重大融資部份應計利息	69,650	98,442
Other borrowing costs	其他借貸成本	29,411	18,240
		635,645	495,378
Less: interest expense capitalised into properties under development*	減：資本化撥入在建物業的利息開支*	(338,671)	(218,859)
		296,974	276,519
Net foreign exchange loss	匯兌虧損淨額	-	269
		296,974	276,788

* The borrowing costs have been capitalised at a weighed average rate of 4.45%–14.00% per annum (2020: 7.35%–9.60%).

* 借貸成本已按加權平均年利率4.45%–14.00%(2020年：7.35%–9.60%)資本化。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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5 (LOSS)/PROFIT BEFORE TAXATION (Cont'd)

(b) Staff costs

5 (虧損)/稅前利潤(續)

(b) 員工成本

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Salaries, wages and other benefits	薪金、工資及其他福利	224,715	244,352
Equity settled share-based payment expenses	以權益結算以股份為基礎的 付款開支	11,619	8,666
Contributions to defined contribution retirement plans (i)	定額供款退休計劃(i)	12,163	3,062
		248,497	256,080

Note:

- (i) Due to the impact of the COVID-19 pandemic, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which contributed to the relief of certain cost of defined contribution scheme during 2020.

附註：

- (i) 由於受到新冠肺炎疫情的影響，從2020年2月開始政府頒佈了包括社保減免等一系列政策來加快恢復經濟活動，導致2020年定額供款退休計劃的部分費用減少。

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5 (LOSS)/PROFIT BEFORE TAXATION (Cont'd)

(c) Other items

5 (虧損)/稅前利潤(續)

(c) 其他項目

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Depreciation and amortisation	折舊及攤銷		
– plant and equipment (note 10)	– 物業、廠房及設備(附註10)	18,475	18,620
– right-of-use assets (note 10)	– 使用權資產(附註10)	15,337	14,725
– intangible assets (note 12)	– 無形資產(附註12)	2,056	2,376
		35,868	35,721
Impairment losses recognised/(reversed)	減值虧損/(轉回)		
– trade and other receivables	– 貿易及其他應收款項	12,266	28,657
– finance lease receivables	– 融資租賃應收款項	(193)	(548)
		12,073	28,109
Provision/(reversal of provision) for diminution in value of inventories	存貨跌價準備/(撥備轉回)	129,283	(5,005)
Auditor's remuneration	核數師酬金		
– audit service	– 審計服務	4,000	3,150
– other services	– 其他服務	1,850	1,100
		5,850	4,250
Rental income from investment properties less of nil direct outgoings (2020: RMB289,000)	投資物業租金減直接開支 人民幣零元(2020年： 人民幣289,000元)	15,387	16,188
Cost of inventories sold	已售存貨成本		
– properties (i)	物業成本(i)	3,307,866	2,370,569
– commodities	商品成本	1,477,351	–
		4,785,217	2,370,569

Note:

- (i) Cost of properties sold is after netting off of utilisation of deferred income in respect of government grants of RMB143,053,000 or the year ended 31 December 2021 (2020: RMB294,485,000) (note 28).

附註：

- (i) 截至2021年12月31日止年度，已售物業成本已扣除使用與政府補助有關的遞延收入人民幣143,053,000元(2020年：人民幣294,485,000元)(附註28)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

6 合併損益表內的所得稅

(a) Taxation in the consolidated statement of profit or loss represents

(a) 合併損益表內的稅項指

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Current tax	即期稅項		
PRC Corporate Income Tax ("PRC CIT") (iii)	中國企業所得稅(「中國企業所得稅」)(iii)	97,761	133,610
PRC LAT (iv)	中國土地增值稅(iv)	67,556	198,823
		165,317	332,433
Deferred tax	遞延稅項		
Reversal and origination of temporary differences (note 14(b))	暫時性差額的產生及撥回(附註14(b))	(75,876)	37,177
		89,441	369,610

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in this jurisdiction.
- (ii) No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax for the year (2020: Nil).
- (iii) PRC CIT

The Group's PRC subsidiaries are subject to statutory tax rate of 25% on their assessable profits.

附註：

- (i) 根據開曼群島規則及法規，本集團於該司法權區毋須繳納任何所得稅。
- (ii) 由於本集團期內並無賺取任何須繳納香港利得稅的收入，故並無就香港利得稅計提撥備(2020年：零)。
- (iii) 中國企業所得稅

本集團的中國子公司須就其應課稅利潤按25%的法定稅率繳稅。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)

(a) Taxation in the consolidated statement of profit or loss represents (Cont'd)

Notes: (Cont'd)

(iv) PRC LAT

PRC LAT which is levied on properties developed for sale by the Group in the Mainland China, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from PRC LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

In addition, certain subsidiaries of the Group were subject to PRC LAT which were calculated based on 6% to 8% of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

The directors of the Company are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the Mainland China and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging PRC LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Administration of Taxation or any tax bureau of higher authority is remote.

6 合併損益表內的所得稅(續)

(a) 合併損益表內的稅項指(續)

附註：(續)

(iv) 中國土地增值稅

本集團銷售於中國內地所開發物業須按價值增幅以30%至60%的累進稅率繳納中國土地增值稅，根據適用規例，中國土地增值稅是按銷售物業所得款項減可扣稅開支(包括土地使用權租賃支出、借貸成本及所有合資格物業開發開支)計算。中國土地增值稅產生的遞延稅項資產於他們預期結算時按適用所得稅稅率計算。

此外，本集團的若干子公司根據相關的地方稅務局批准的核定計稅方法，基於收益的6%至8%計算中國土地增值稅。

本公司董事認為，其獲准採用的核定計稅方法是中國內地認可的計稅方法之一，而本集團中國子公司所在地的各地方稅務局為批准該等公司以核定計稅方法徵收中國土地增值稅的主管稅務機關，故受國家稅務總局或任何上級主管稅務機關質疑的風險不大。

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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)

(b) Reconciliation between income tax and accounting (loss)/profit at applicable tax rates

6 合併損益表內的所得稅(續)

(b) 所得稅與按適用稅率計算的會計利潤的對賬

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
(Loss)/profit before taxation	稅前(虧損)/利潤	(355,669)	725,883
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the countries concerned	按有關國家適用於利潤的稅率計算的除稅前(虧損)/利潤的名義稅項	(2,311)	251,468
Tax effect of non-deductible expenses	不可扣稅開支的稅務影響	15,625	24,743
Tax effect of non-taxable income	毋須課稅收入的稅務影響	(6,583)	-
Tax effect of unused losses not recognised	未確認未使用稅收損失的稅收影響	66,837	15,195
Tax effect of temporary differences not recognised	未確認暫時性差異的稅務影響	(1,254)	-
Utilisation of previously unrecognised tax losses	使用先前未經確認的稅項虧損	(35,365)	(28,436)
Reversal of DTA recognised in prior periods	以前年度確認的遞延所得稅資產轉回	1,825	-
PRC LAT (note 6(a)(iv))	中國土地增值稅(附註6(a)(iv))	67,556	198,823
Tax effect on PRC LAT	中國土地增值稅稅務影響	(16,889)	(49,706)
Tax concessions	稅務優惠	-	(42,477)
Total income tax	所得稅總額	89,441	369,610

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

7 董事薪酬

董事薪酬根據香港公司條例第383(1)條及公司(披露董事利益資料)規例第2部披露如下：

		2021				
		Salaries allowances and benefits in kind	Retirement scheme contributions	Sub-total	Share-based payments (i)	Total
		薪金、津貼及實物福利	退休計劃供款	小計	以權益結算以股份為基礎的付款	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors:	執行董事：					
Wong Choi Hing (ii)	王再興(ii)	100	3,382	-	3,482	3,482
Zeng Yunshu	曾雲樞	-	2,976	-	2,976	2,976
Cai Hongwen	蔡鴻文	-	2,976	-	2,976	2,976
Yang Sanming	楊三明	500	3,036	35	3,571	5,415
Wang Dewen	王德文	100	3,036	64	3,200	3,815
Independent non-executive directors:	獨立非執行董事：					
Lam Chi Yuen Nelson	林智遠	245	-	-	245	300
Dai Yiji (appointed on 19 March 2021)	戴亦一 (2021年3月19日獲委任)	197	-	-	197	197
Yue Zheng	岳嶧	245	-	-	245	300
		1,387	15,406	99	16,892	19,461

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7 DIRECTORS' EMOLUMENTS (Cont'd)

7 董事薪酬(續)

		2020					
		Salaries allowances and benefits in kind	Retirement scheme contributions	Sub-total	Share-based payments	Total	
		薪金、津貼及實物福利	退休計劃供款	小計	以權益結算以股份為基礎的付款	總計	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Executive directors:	執行董事：						
Wong Choi Hing	王再興	100	6,375	-	6,475	6,475	
Cai Hongwen	蔡鴻文	-	-	-	-	-	
Zeng Yunshu	曾雲樞	-	-	-	-	-	
Wang Dewen	王德文	100	5,911	53	6,064	6,538	
Yang Sanming	楊三明						
(appointed on 9 June 2020)	(2020年6月9日獲委任)	250	3,552	29	3,831	5,254	
Independent non-executive directors:	獨立非執行董事：						
Lam Chi Yuen Nelson	林智遠	249	-	-	249	292	
Yue Zheng	岳崢	249	-	-	249	292	
Zhao Lihua	趙立華						
(deceased on 23 December 2020)	(於2020年12月23日辭世)	100	119	-	219	262	
		1,048	15,957	82	17,087	19,113	

Notes:

- (i) These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(t)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 32.

- (ii) On 20 January 2022, Mr. Wong Choi Hing has been re-designated from an executive director to a non-executive director. Mr. Chen Junyu has been appointed as an executive director.

附註：

- (i) 權益結算金額是根據本公司購股權計劃授予董事的購股權的估計價值。購股權的價值根據附註1(t)(ii)所載本集團以股份為基礎的支付交易的會計政策計量。根據該政策，包括因授予的權益工具在行權前失效對往年應計逆向金額的調整。

實物福利包括主要條款及授出的購股權數目的詳情，於董事報告及附註32的「購股權計劃」一段中披露。

- (ii) 2022年1月20日，王再興從執行董事重新委任為非執行董事。陳軍余先生被委任為執行董事。

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8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, all of them (2020: three) are directors. The emoluments of these directors are disclosed in note 7. The aggregate of the emoluments in respect of other (2020: two) individuals are as follows:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Retirement scheme contributions	退休計劃供款	-	61
Equity settled share-based payment expenses	以權益結算以股份為基礎的開支	-	379
Salaries, allowances and other benefits in kind	薪金、津貼及其他	-	5,612
		-	6,052

The emoluments with the highest emoluments are within the following bands:

最高薪人士的薪酬介乎以下範圍：

		2021 Number of individuals 人數	2020 Number of individuals 人數
HK\$2,500,001–HK\$3,000,000	2,500,001港元至3,000,000港元	-	1
HK\$4,000,001–HK\$4,500,000	4,000,001港元至4,500,000港元	-	1

9 LOSS/(EARNINGS) PER SHARE

Basic earnings and diluted (loss)/earnings per share

The calculation of basic earnings per share is based on loss attributable to equity shareholders of the Company of RMB498,484,000 (2020: profit of RMB360,696,000) and the weighted average of 4,537,354,000 ordinary shares (2020: 4,293,230,000 ordinary shares) during the year, calculated as follows:

Weighted average number of ordinary shares

		2021 '000 千股	2020 '000 千股
Issued ordinary shares at 1 January	1月1日已發行普通股	4,537,354	4,014,844
Effect of issuance of shares	股份發行的影響	-	278,386
Weighted average number of shares	加權平均股數	4,537,354	4,293,230

For the year ended 31 December 2020 and 2021, the effect of deemed issue of shares under the Company's employee share option scheme for nil consideration was anti-dilutive.

9 每股盈利

每股基本盈利和每股攤薄盈利／（虧損）

每股基本盈利按本公司權益股東應佔虧損人民幣498,484,000元（2020年：盈利人民幣360,696,000元）及普通股加權平均數4,537,354,000股（2020年：4,293,230,000股）計算。計算如下：

普通股加權平均數

	2021 '000 千股	2020 '000 千股
Issued ordinary shares at 1 January	4,537,354	4,014,844
Effect of issuance of shares	-	278,386
Weighted average number of shares	4,537,354	4,293,230

截至2020年12月31日和2021年12月31日止年度，根據本公司的僱員認股權計劃，以零代價當作發行股份的影響為反攤薄。

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10 PROPERTY, PLANT AND EQUIPMENT

10 物業、廠房及設備

		Ownership interests in land and buildings held for own use 持有自用土地和建築物的所有權權益按成本計量	Other properties leased for own use carried at cost 其他以成本計價出租的自用物業	Motor vehicles and other fixed assets 發動機、車輛及其他固定資產	Office equipment 辦公設備	Total 總計
	Note 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Cost:	成本：					
At 1 January 2020	於2020年1月1日	422,271	5,888	118,688	50,979	597,826
Additions	添置	3,578	4,862	2,258	10,709	16,379
Acquisition of subsidiaries	收購子公司	-	-	1,828	1,870	3,698
Disposals	出售	(3,737)	-	(2,795)	(498)	(7,030)
At 31 December 2020 and 1 January 2021	於2020年12月31日及2021年1月1日	418,545	9,466	122,583	54,609	605,203
Additions	添置	32,123	1,208	6,884	1,607	41,822
Acquisition of subsidiaries	收購子公司	-	-	885	253	1,138
Disposals	出售	(6,442)	-	(1,934)	(1,345)	(9,721)
Disposal of subsidiaries	出售子公司	-	-	(2,264)	(2,265)	(4,529)
At 31 December 2021	於2021年12月31日	444,226	10,674	126,154	52,859	633,913
Accumulated depreciation:	累計折舊：					
At 1 January 2020	於2020年1月1日	43,201	1,888	83,899	46,396	175,384
Charge for the year	本年折舊	12,078	2,647	16,031	2,589	33,345
Acquisitions of subsidiaries	收購子公司	-	-	1,482	1,276	2,758
Written back on disposals	處置沖回	(686)	-	(2,409)	(469)	(3,564)
At 31 December 2020 and 1 January 2021	於2020年12月31日及2021年1月1日	54,593	4,535	99,003	49,792	207,923
Charge for the year	本年折舊	11,790	3,547	16,121	2,354	33,812
Acquisitions of subsidiaries	收購子公司	-	-	1	165	166
Written back on disposals	處置沖回	(3,330)	-	(1,823)	(1,261)	(6,414)
Disposal of subsidiaries	出售子公司	-	-	(2,155)	(2,153)	(4,308)
At 31 December 2021	於2021年12月31日	63,053	8,082	111,147	48,897	231,179
Net book value:	淨值：					
At 31 December 2021	於2021年12月31日	381,173	2,592	15,007	3,962	402,734
At 31 December 2020	於2020年12月31日	363,952	4,931	23,580	4,817	397,280

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10 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The leasehold buildings are all situated on land in the Mainland China.

Certain bank loans granted to the Group were jointly secured by property, plant and equipment with a book value of RMB359,293,000 (2020: RMB337,035,000) (note 24).

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

10 物業、廠房及設備(續)

該等租賃樓宇全部位於中國內地。

本集團獲授的若干銀行貸款由賬面值人民幣359,293,000元(2020年：人民幣337,035,000元)的物業、廠房及設備共同作抵押(附註24)。

使用權資產

按相關資產類別劃分的使用權資產賬面淨值分析如下：

	Note 附註	2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Included in "Property, plant and equipment":	計入「物業、廠房及設備」：		
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost	按折舊成本列賬持作自用的租賃土地及樓宇的擁有權權益	(i)	
- 50 years or more	- 五十年或以上	54,140	26,917
- between 10 and 50 years	- 十年至五十年	327,033	337,035
		381,173	363,952
Other properties leased for own use, carried at depreciated cost	按折舊成本列賬持作自用租賃的其他物業	(ii)	
		2,592	4,931
		383,765	368,883
Included in "Investment properties":	計入「投資物業」：		
Ownership interests in leasehold investment property, carried at fair value, with remaining lease term of:	按公允值列賬於租賃投資物業的擁有權權益		
- less than 10 years	- 少於十年	17,900	22,500
- between 10 and 50 years	- 十年至五十年	2,733,000	3,121,770
		2,750,900	3,144,270
Included in "Inventories and other contract costs":	計入「存貨及其他合約成本」：		
Leasehold land held for and under development for sale	待售未來待開發租賃土地	4,500,890	3,191,291
Completed properties for sale	持作待售已完工物業	405,595	561,043
		4,906,485	3,752,334
		8,041,150	7,265,487

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10 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Right-of-use assets (Cont'd)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Depreciation charge of right-of-use assets by class of underlying asset:	按標的資產類別劃分的使用權資產折舊費：		
Ownership interests in leasehold land and buildings	持作自用的租賃土地及樓宇的擁有權權益	11,790	12,078
Other properties leased for own use	持作自用租賃的其他物業	3,547	2,647
		15,337	14,725
Interest on lease liabilities (note 5(a))	租賃負債利息(附註5(a))	4,316	4,158
Expense relating to short-term leases	短期租賃相關費用	5,906	3,917

During the year, additions to right-of-use assets were RMB33,331,000 (2020: RMB3,589,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 21(d) and 27, respectively.

(i) Ownership interests in leasehold land and buildings held for own use

The Group holds several buildings as its office. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land.

Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease.

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its office and dormitory through tenancy agreements. The leases typically run for an initial period of 2 to 5 years. Lease payments are usually increased by each year to reflect market rentals.

10 物業、廠房及設備(續)

使用權資產(續)

反映於損益表的與租賃有關的費用項目分析如下：

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Depreciation charge of right-of-use assets by class of underlying asset:	按標的資產類別劃分的使用權資產折舊費：		
Ownership interests in leasehold land and buildings	持作自用的租賃土地及樓宇的擁有權權益	11,790	12,078
Other properties leased for own use	持作自用租賃的其他物業	3,547	2,647
		15,337	14,725
Interest on lease liabilities (note 5(a))	租賃負債利息(附註5(a))	4,316	4,158
Expense relating to short-term leases	短期租賃相關費用	5,906	3,917

當年新增使用權資產人民幣33,331,000元(2020年：人民幣3,589,000元)。這筆款項主要與新租約下應付的資本化租金有關。

租賃的現金流出總額及租賃負債的到期分析詳情分別載於附註21(d)及27。

(i) 持作自用的租賃土地及樓宇的擁有權權益

本集團擁有幾棟樓宇作為其辦公室。本集團是這些物業權益的註冊擁有人，包括有關土地的全部或部分未分割份數。

一次性付款是為了從以前的註冊業主那裡獲得這些財產權益，而根據土地租賃條款，不需要進行付款。

(ii) 持作自用租賃的其他物業

集團通過租賃協議，獲得了使用其他物業作為辦公室和宿舍的權利。租期一般為2至5年。租金通常每年都會增加，以反映市場租金。

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11 INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount of investment properties

11 投資物業

(a) 投資物業賬面值對賬

		Completed properties 已完工物業 RMB'000 人民幣千元	Other properties leased for own use carried at fair value 按公允價值列賬持作自用租賃的其他物業 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2020	於2020年1月1日	2,554,400	29,700	2,584,100
Transfer from inventories	轉自存貨	296,207	–	296,207
Acquisition of subsidiaries	收購子公司	141,000	–	141,000
Fair value adjustments	公允值調整	179,515	(7,200)	172,315
Disposals	出售	(49,352)	–	(49,352)
At 31 December 2020 and 1 January 2021	於2020年12月31日及 2021年1月1日	3,121,770	22,500	3,144,270
Disposal of subsidiaries (Note 21(f))	出售子公司(附註21(f))	(366,300)	–	(366,300)
Fair value adjustments	公允值調整	(5,100)	(4,600)	(9,700)
Disposals	出售	(17,370)	–	(17,370)
At 31 December 2021	於2021年12月31日	2,733,000	17,900	2,750,900
Representing	指			
Valuation – 2021	估值 – 2021年	2,733,000	17,900	2,750,900
Valuation – 2020	估值 – 2020年	3,121,770	22,500	3,144,270
Book value	賬面值			
At 31 December 2021	於2021年12月31日	2,733,000	17,900	2,750,900
At 31 December 2020	於2020年12月31日	3,121,770	22,500	3,144,270

During the year ended 31 December 2020, the Group recorded a fair value gain of RMB209,469,000 in respect of transfer of inventories to investment properties. No such transfer occurred in 2021.

本集團於2020年轉讓時錄得人民幣209,469,000元的公允價值收益。而2021年，本集團並無物業轉入投資物業。

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11 INVESTMENT PROPERTIES (Cont'd)

(b) Fair value measurement of investment properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment for sale measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations:	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
Level 2 valuations:	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
Level 3 valuations:	Fair value measured using significant unobservable inputs

11 投資物業(續)

(b) 投資物業的公允值計量

(i) 公允值層級

下表呈列於報告期末以經常性原則計量的本集團投資物業公允值，並按國際財務報告準則第13號公允值計量所界定分類為三個公允值級別。公允值計量參考以下估值方法所使用的輸入數據之可觀察性及重要性而分類及釐定級別：

第一級估值：	僅使用第一級數據計量的公允值，即於計量日期在活躍市場對相同資產或負債未經調整的報價
第二級估值：	使用第二級數據計量的公允值，即不符合第一級的可觀察數據及未有採用不可觀察的重要數據。不可觀察數據乃指無法取得市場資料的數據
第三級估值：	使用不可觀察的重要數據計量的公允值

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(除另有指明外，均以人民幣列示)

11 INVESTMENT PROPERTIES (Cont'd)

(b) Fair value measurement of investment properties (Cont'd)

(i) Fair value hierarchy (Cont'd)

		Fair value as at 31 December 2021	Fair value as at 31 December 2021
		於2021年 12月31日的 公允值 RMB'000 人民幣千元	Fair value measurement as at 31 December 2021 categorised into level 3 於2021年 12月31日的 分類分為 第三級的 公允值計量 RMB'000 人民幣千元
Recurring fair value measurement	經常性公允值計量		
Investment properties	投資物業及在建投資物業	2,750,900	2,750,900

		Fair value as at 31 December 2020	Fair value as at 31 December 2020
		於2020年 12月31日的 公允值 RMB'000 人民幣千元	Fair value measurement as at 31 December 2020 categorised into level 3 於2020年 12月31日的 分類分為 第三級的 公允值計量 RMB'000 人民幣千元
Recurring fair value measurement	經常性公允值計量		
Investment properties	投資物業	3,144,270	3,144,270

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(除另有指明外，均以人民幣列示)

11 INVESTMENT PROPERTIES (Cont'd)

(b) Fair value measurement of investment properties (Cont'd)

(i) Fair value hierarchy (Cont'd)

During the year ended 31 December 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2020: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties carried at fair value were revalued as at 31 December 2021. The valuations were carried out by an independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's property manager and the senior management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

11 投資物業(續)

(b) 投資物業的公允值計量(續)

(i) 公允值層級(續)

截至2021年12月31日止年度，第一級與第二級之間概無轉移，及亦無轉入或轉出第三級(2020年：無)。本集團的政策是於轉移發生的報告期末確認公允值各層級之間的轉移。

於2020年12月31日，本集團所有以公允值列賬之投資物業及在建投資物業由獨立測量師行仲量聯行(其員工具備香港測量師學會資深會員之資格，且對所估物業所在位置及所屬類別有近期相關之經驗)進行重估。本集團物業經理及高級管理層已於各中期及年度報告日期進行估值時與測量師討論有關估值假設及估值結果。

(ii) 有關第三級公允值計量之資料

	Valuation techniques 估值方法	Unobservable input 不可觀察的輸入數據	Range 範圍
Investment properties 投資物業	Market comparison method 市場比較法	Market value (RMB/sq.m.) 市場價值 (人民幣/平方米)	Not applicable (2020: 6,800) 不適用 (2020 : 6,800)
Investment properties 投資物業	Income capitalisation method 收益資本法	Yield 收益	3.5% to 6.5% (2020: 3.5% to 6.5%)
		Market monthly rental rate (RMB/sq.m.) 市場每月租值 (人民幣元/平方米)	16.3–90 (2020: 19.9–90.7)

11 INVESTMENT PROPERTIES (Cont'd)**(b) Fair value measurement of investment properties (Cont'd)****(ii) Information about Level 3 fair value measurements (Cont'd)**

The fair value of investment properties is generally derived using the income capitalisation method or market comparison method. This income capitalisation method is based on the capitalisation of the income and reversionary potential income by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings within the subject properties and the estimated rental incremental observed in other comparable properties. The market comparison method is determined by reference to recent sales price of comparable properties on a price per square meter basis, adjusted for a premium or a discount specific to the quality of the Group's properties compared to the recent sales

Certain bank loans granted to the Group were jointly secured by investment properties with a book value of RMB1,150,900,000 (2020: RMB1,147,500,000) (note 24).

11 投資物業(續)**(b) 投資物業的公允值計量(續)****(ii) 3有關第三級公允值計量之資料(續)**

投資物業及在建投資物業的公允值一般採用收益資本法或市場比較法釐定。收益資本法乃基於通過採用適當之資本化比率，將收入及潛在復歸收入撥充資本，而資本化比率乃通過對銷售交易及估值師分析當時投資者之要求或期望而得出。估值時所採用的市值租金乃根據該物業的近期租務情況及其他可資比較物業已觀察的估計租金增加而釐定。市場比較法乃通過參考其他可資比較物業的近期銷售單價，根據本集團投資物業的質量與近期銷售價格情況進行溢價或折扣調整。

本集團獲授的若干銀行貸款以賬面值人民幣1,150,900,000元(2020年12月31日：人民幣1,147,500,000元)的投資物業作抵押(附註24)。

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11 INVESTMENT PROPERTIES (Cont'd)

(c) Leases of investment properties

The Group leases out investment property under operating leases. The leases typically run for an initial period of 1 to 4 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually increased each year to reflect market rentals. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Within 1 year	一年內	27,794	16,169
After 1 year but within 2 years	一年後但兩年內	16,158	2,725
After 2 years but within 3 years	兩年後但三年內	1,830	1,479
After 3 years but within 4 years	三年後但四年內	1,441	280
After 4 years	四年後	5,962	-
		53,185	20,653

11 投資物業(續)

(c) 投資物業租賃

本集團以經營租賃方式出租投資物業。租約的最初期限一般為1至4年，並可選擇在所有條款重新協商的日期之後續簽租約。租金通常每年都會增加，以反映市場租金。這些租賃不包括可變的租賃付款。

在報告日期已生效的不可取消經營租賃項下的未貼現租金，本集團將在下述未來各段時間內收取：

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12 INTANGIBLE ASSETS

12 無形資產

		Note	Software and franchises granted 軟件及授予 特許經營權 RMB'000 人民幣千元
		附註	
Cost:	成本：		
At 1 January 2020	於2020年1月1日		23,648
Additions	添置		1,562
Acquisitions of subsidiaries	收購子公司		415
At 31 December 2020 and 1 January 2021	於2020年12月31日及2021年1月1日		25,625
Additions	添置		6,011
Disposal of subsidiaries	出售子公司	21(f)	(6,500)
At 31 December 2021	於2021年12月31日		25,136
Accumulated amortisation:	累計減值：		
At 1 January 2020	於2020年1月1日		7,151
Charge for the year	年內支出		2,376
At 31 December 2020 and 1 January 2021	於2020年12月31日及2021年1月1日		9,527
Charge for the year	年內支出		2,056
Disposal of subsidiaries	出售子公司	21(f)	(2,329)
At 31 December 2021	於2021年12月31日		9,254
Net book value:	賬面淨值：		
At 31 December 2021	於2021年12月31日		15,882
At 31 December 2020	於2020年12月31日		16,098

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13 INTERESTS IN JOINT VENTURES

Details of the Group's interest in the joint ventures, which is accounted for using the equity method in the consolidated financial statements, are as follows:

13 於合營企業的權益

本集團於合營企業的權益(按權益法於合併財務報表列賬)詳情如下：

Name 名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued and paid-up capital 已發行及已繳足股本詳情	Group's effective interest 本集團實際權益	Proportion of ownership interest 所有權比例		Principal activities 主要業務
				Held by the Company 本公司所持	Held by subsidiaries 子公司所持	
Hydoo Best Group Co., Ltd. ("Hydoo Best") (note (i))	Thailand 泰國	Baht2,196,003,600/ Baht2,196,003,600 泰銖2,196,003,600/ 泰銖2,196,003,600	36.43%	-	36.43%	Property development 房地產開發
Shenzhen Tiandihui Hydoo Road Port Management Limited 深圳天地匯毅德公路港管理有限公司	PRC 中國	RMB5,000,000/ RMB5,000,000 人民幣5,000,000/ 人民幣5,000,000	25.00%	-	25.00%	Logistics service 物流服務
Beijing Hydoo North Enterprise Management Co., Ltd. 北京毅德北方企業管理有限公司	PRC 中國	RMB10,000,000/ RMB10,000,000 人民幣10,000,000/ 人民幣10,000,000	30.00%	-	30.00%	Investment management 投資管理
Huizhou Dayawan Hydoo Yingtai Investment Co., Ltd 惠州大亞灣毅德盈泰投資有限公司	PRC 中國	RMB10,000,000/ RMB10,000,000 人民幣10,000,000/ 人民幣10,000,000	67.00%	-	67.00%	Consulting Service 諮詢服務
Beijing Sunac Hydoo Corporate Management Company Limited ("Beijing Sunac") (note (ii)) 北京毅德盈創企業管理有限公司	PRC 中國	RMB3,000,000/ RMB3,000,000 人民幣3,000,000/ 人民幣3,000,000	67.00%	-	67.00%	Property development 房地產開發

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13 INTERESTS IN JOINT VENTURES (Cont'd)

The Group and the other shareholders of the above joint ventures agree to share control of the arrangement and have rights to the net assets of the arrangement based on the composition of governing bodies.

Aggregate information of joint ventures that are not individually material:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	個別非主要合營企業於合併財務報表的賬面總值	213,213	131,583
Aggregate amounts of the Group's share of those joint ventures	本集團應佔該等合營企業		
Loss for the year	年度虧損總額	(152)	(241)
Total comprehensive income	全面收益總額	(152)	(241)

(i) Hydo Best

As at 31 December 2021, the Group's interest in Hydo Best amounted to RMB 124,040,000 (2020: RMB125,359,000).

In 2018, Hydo Best was unable to get reimbursement of the cost of certain pieces of land which have to be returned to the original vendor by the order of the court. In addition, the joint venture partner of Hydo Best was obligated to repurchase certain shares in Hydo Best held by the Group but failed to do so within the specified time frame. This resulted in a loss on the interest in Hydo Best held by the Group. In 2019, the Group brought a lawsuit against the joint venture partner in the regard.

13 於合營企業的權益(續)

本集團及以上合營企業的其他股東在合約上協定分享此項安排的控制權，並有權基於主管部門的組成擁有上述安排的淨資產。

個別非主要合營企業的總體資料：

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	個別非主要合營企業於合併財務報表的賬面總值	213,213	131,583
Aggregate amounts of the Group's share of those joint ventures	本集團應佔該等合營企業		
Loss for the year	年度虧損總額	(152)	(241)
Total comprehensive income	全面收益總額	(152)	(241)

(i) Hydo Best

於2021年12月31日，本集團對Hydo Best的股東權益為人民幣124,040,000元（於2020年12月31日：人民幣125,359,000元）。

在2018年，Hydo Best無法獲得由法院命令必須返還給原賣方的土地的相應成本賠償。此外，Hydo Best的合營夥伴有義務從本集團購回持有的Hydo Best的若干股份，但未能按時履行其回購責任。這導致本集團對Hydo Best的投資損失。於2019年，本集團向合營夥伴就此事提起了訴訟。

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13 INTERESTS IN JOINT VENTURES (Cont'd)

(i) Hydo Best (Cont'd)

The directors expect that the Group will be able to recover part of its interest in Hydo Best by applying public auction of the land pieces still held by Hydo Best based on the legal opinion obtained from an external legal counsel. With reference to the fair value of these land pieces which were assessed by the Group's directors based on a valuation report prepared by external valuers, the Group has made a provision for impairment loss of RMB19,752,000 on the interest in Hydo Best and a specific loss allowance of RMB19,613,000 on the amount due from Thailand joint ventures in 2018. Based on the fair value of the land pieces assessed as at 31 December 2021, the directors considered that no further provision for impairment loss was necessary during the year.

The fair value of the land pieces still held by Hydo Best was revalued as at 31 December 2021. The valuations were carried out by an independent firm of surveyors, JLL, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at the reporting date.

	Valuation techniques 估值方法	Unobservable input 不可觀察的輸入數據	Range 範圍
Land	Direct market comparison approach	Average market price (RMB/sq.m.)	RMB597/sq.m. to RMB848/sq.m. (2020: RMB667/sq.m. to RMB953/sq.m.)
帶租約土地	直接市場比較法	平均市場價 (人民幣/平方米)	人民幣597/sq.m. to 人民幣848/sq.m. (2020: 人民幣667/sq.m. to 人民幣953/sq.m.)

The fair value of properties located in Thailand is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of Hydo Best's land pieces compared to the recent sales. Higher premium for higher quality land pieces will result in a higher fair value measurement.

13 於合營企業的權益(續)

(i) Hydo Best(續)

董事預期，基於所取得的外部法律顧問的法律意見，預期本集團可以通過獲得Hydo Best仍持有的土地以收回其在Hydo Best的部分投資。經參考本集團董事基於外部估值師編製的估值報告作出評估的該等土地的公允價值，本集團於2018年就Hydo Best對的權益作出減值虧損撥備人民幣19,752,000元及就應收該合營公司的款項作出特定虧損撥備人民幣19,613,000元。基於該等土地於2021年12月31日的公允價值，董事認為本年無需進一步的減值虧損撥備。

截至2021年12月31日，泰國合資企業仍持有的土地的公允價值由獨立測量師行第一太平戴維斯(其員工具備香港測量師學會資深會員之資格，且對所估物業所在位置及所屬類別有近期相關之經驗)進行重估。本集團物業經理及高級管理層已於各中期及年度報告日期進行估值時與測量師討論有關估值假設及估值結果。

位於泰國的房地產的公允價值採用市場比較法，參照可比房地產最近的銷售價格，以每平方英尺的價格為基礎，根據合資企業土地質量與最近的銷售相比的溢價或折扣進行調整。高質量地塊的較高溢價將導致較高的公允價值計量。

13 INTERESTS IN JOINT VENTURES (Cont'd)

(ii) Beijing Sunac

The Group initially owned 33% equity interest in Beijing Sunac, which was classified as an associate of the Group. During the year, the Group acquired additional 34% equity interests of Beijing Sunac at a consideration of RMB52,646,000, satisfied by the amount due from Beijing Sunac owed by the Group. Upon the acquisition, a joint venture agreement was signed and the director appointed by the remaining investor of Beijing Sunac has the right of veto in the board of directors. As a result, Beijing Sunac became a joint venture of the Group and the results of Beijing Sunac continued be equity accounted for by the Group.

13 於合營企業的權益(續)

(ii) 北京融創

本集團最初持有北京融創毅德企業管理有限公司33%的股權，其被列為本集團的聯營公司。2021年內，本集團以人民幣52,646,000元的對價增持了北京融創毅德企業管理有限公司34%的股權，對價免除本集團對北京融創應收款項人民幣52,646,000元。收購完成後，本集團與融創簽訂合營協定，由此本集團將北京融創毅德企業管理有限公司從聯營公司轉為合營企業，北京融創的業績繼續由本集團按權益法核算。

14 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents

14 合併財務狀況表內的所得稅

(a) 合併財務狀況表內的即期稅項指

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Prepaid tax:	預付稅項：		
PRC CIT	中國企業所得稅	53,996	12,357
PRC LAT	中國土地增值稅	240,078	132,592
		294,074	144,949
Current tax liabilities:	即期稅項負債：		
PRC CIT	中國企業所得稅	342,241	313,598
PRC dividend withholding tax	中國股息預扣稅	27,438	33,038
PRC LAT	中國土地增值稅	425,805	389,777
		795,484	736,413

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14 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

(b) Deferred tax assets and liabilities recognised

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (liabilities)/assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:

		Fair value adjustment for investment properties	Fair value adjustments arising from acquisition of subsidiaries	Provision for inventories	Tax losses	Unrealised gain on intra-group transactions	Fair value adjustment for other financial assets	Amortisation of capitalised contract costs	Credit loss allowance	Deferred income	Provision for PRC LAT	Provision for construction cost	Other temporary expenses	Total
		投資物業的公允價值調整	收購子公司的公允價值調整	存貨撥備	稅項虧損	集團內部交易未實現收益	其他金融資產的公允價值調整	資本化合約成本攤銷	信用虧損撥備	遞延收入	中國土地增值稅撥備	建設成本撥備	其他臨時費用	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2020	於2020年1月1日	(223,508)	-	-	147,111	-	(19,878)	(4,930)	10,306	109,422	37,111	3,949	838	60,421
Acquisition of subsidiaries (note 21(e))	收購子公司(附註21(e))	(6,895)	-	-	4,340	-	-	-	-	-	-	-	-	(2,555)
(Charged)/credited to the consolidated statement of profit or loss (note 6(a))	於合併損益表(扣除)/計入(附註6(a))	(75,916)	-	-	22,913	1,280	(12,145)	2,258	4,283	(23,073)	36,359	5,610	1,254	(37,177)
At 31 December 2020 and 1 January 2021	於2020年12月31日及2021年1月1日	(306,319)	-	-	174,364	1,280	(32,023)	(2,672)	14,589	86,349	73,470	9,559	2,092	20,689
Acquisition of subsidiaries (note 21(e))	收購子公司(附註21(e))	-	(48,888)	-	-	-	-	-	-	-	-	-	-	(48,888)
Disposal of subsidiaries (note 21(f))	出售子公司(附註21(f))	27,842	-	-	-	-	-	-	-	(14,891)	-	-	-	12,951
Credited/(charged) to the consolidated statement of profit or loss (note 6(a))	於合併損益表(扣除)/計入(附註6(a))	2,425	35,625	25,359	7,499	(1,280)	30,167	(6,794)	2,399	(16,568)	1,710	(5,373)	707	75,876
At 31 December 2021	於2021年12月31日	(276,052)	(13,263)	25,359	181,863	-	(1,856)	(9,466)	16,988	54,890	75,180	4,186	2,799	60,628

14 合併財務狀況表內的所得稅(續)

(b) 已確認遞延稅項資產及負債

(i) 遞延稅項資產及負債各組成部分變動

於合併財務狀況表確認的遞延稅項(負債)/資產的組成部分及年內的變動如下:

遞延稅項由以下各項產生:

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

14 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

(b) Deferred tax assets and liabilities recognised (Cont'd)

(ii) Reconciliation to the consolidated statement of financial position

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Net deferred tax assets recognised in the consolidated statement of financial position	於合併財務狀況表確認的遞延稅項資產淨值	193,616	215,325
Net deferred tax liabilities recognised in the consolidated statement of financial position	於合併財務狀況表確認的遞延稅項負債淨額	(132,988)	(194,636)
		60,628	20,689

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(u), the Group has not recognised deferred tax assets in respect of cumulative tax losses of certain subsidiaries of RMB628,599,000 as at 31 December 2021 (2020: RMB571,281,000). The directors consider it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entities.

The unrecognised tax losses will expire by the end of the following years, if unused:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
2021	2021	-	76,795
2022	2022	56,080	111,162
2023	2023	95,170	110,071
2024	2024	163,835	212,476
2025	2025	56,129	60,777
2026	2026	257,385	-
Total	總計	628,599	571,281

14 合併財務狀況表內的所得稅(續)

(b) 已確認遞延稅項資產及負債

(ii) 與合併財務狀況表對賬

(c) 未確認遞延稅項資產

根據附註1(u)所載的會計政策，於2021年12月31日，本集團並未就若干子公司的累計稅項虧損人民幣628,599,000元(2020年：人民幣571,281,000元)確認遞延稅項資產。董事認為不大可能在有關稅務司法權區及實體獲得可用於抵銷虧損的未來應課稅利潤。

倘未經使用，未確認的稅項虧損將於以下年份結束時屆滿：

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

14 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

(d) Deferred tax liabilities not recognised

As set out in note 6(a), withholding tax is levied on Hong Kong companies in respect of dividend distributions arising from profit of PRC subsidiaries. Since the Group could control the quantum and timing of distribution of profits of the Group's subsidiaries in the Mainland China, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

At 31 December 2021, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB3,199,989,000 (2020: RMB3,538,923,000). Deferred tax liabilities of RMB159,999,000 (2020: RMB176,946,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

14 合併財務狀況表內的所得稅(續)

(d) 未確認遞延稅項負債

誠如附註6(a)所載，向香港公司派付中國子公司溢利產生的股息會收預扣稅。由於本集團能控制本集團中國內地子公司派發利潤的數額及時間，故本集團僅在該等利潤預期將於可預見未來派發的情況下計提遞延稅項負債。

於2021年12月31日，子公司未分派利潤的暫時差額為人民幣3,199,989,000元(2020年：人民幣3,538,923,000元)。本集團未就於分派該等保留利潤應付的稅項確認遞延稅項負債人民幣159,999,000元(2020年：人民幣176,946,000元)，因為本集團控制該等子公司的股息政策且已釐定可能不會於可預見未來分派利潤。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

15 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

15 於子公司的投資

下表僅載列對本集團業績、資產或負債有重大影響的主要子公司的詳情。除非另有說明，否則所持有股份的類別為普通股。

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Group's effective interest 本集團實際權益	Proportion of ownership interest 所有權比例		Principal activities 主要業務
				Held by the Company 本公司所持	Held by subsidiaries 子公司所持	
Hong Kong Hydo Holding Limited 香港毅德控股有限公司	Hong Kong 香港	HK\$100,000 100,000港元	100%	100%	-	Investment management 投資管理
Hong Kong Hydo Group Investment Company Limited 香港毅德集團投資有限公司	Hong Kong 香港	HK\$100,000 100,000港元	100%	100%	-	Investment management 投資管理
Hydo Estate (Ganzhou) Company Limited ("Hydo Estate (Ganzhou)") 毅德置業(贛州)有限公司* (「毅德置業(贛州)」)	The PRC 中國	US\$32,050,000 32,050,000美元	100%	-	100%	Property development and investment holding 房地產開發及投資控股
Jining Hydo Logistics Center Development Company Limited ("Jining Logistics Center") 濟寧毅德物流城開發有限公司* (「濟寧物流城」)	The PRC 中國	RMB200,000,000 人民幣200,000,000	100%	-	100%	Property development 房地產開發
Mianyang West Modern Trade Center Development Company Limited ("Mianyang Trade Center") 綿陽西部現代物流城開發有限 公司* (「綿陽物流城」)	The PRC 中國	RMB200,000,000 人民幣200,000,000	100%	-	100%	Property development 房地產開發
Guangxi Yulin Modern Trade Center Development Company Limited ("Yulin Trade Center") 廣西玉林現代物流城開發有限 公司* (「玉林物流城」)	The PRC 中國	RMB220,000,000 人民幣220,000,000	100%	-	100%	Property development 房地產開發

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

15 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例			Principal activities 主要業務
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持	Held by subsidiaries 子公司所持	
Shenzhen Hydoo Investment Management Company Limited ("Shenzhen Hydoo") 深圳市毅德投資管理有限公司* (「深圳毅德」)	The PRC 中國	RMB30,000,000 人民幣30,000,000	100%	-	100%	Investment management 投資管理
Ganzhou Hydoo Commercial and Trade Logistics Park Development Co., Ltd. ("Ganzhou Trade Center") 贛州毅德商貿物流園開發有限 公司*(「贛州商貿物流園」)	The PRC 中國	RMB800,000,000 人民幣800,000,000	100%	-	100%	Property development 房地產開發
Wuzhou Hydoo Commercial and Trade Center Development Co., Ltd. ("Wuzhou Trade Center") 梧州毅德商貿物流城開發有限 公司*(「梧州商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000	100%	-	100%	Property development 房地產開發
Heze Hydoo Commercial and Trade Center Company Limited ("Heze Trade Center") 菏澤毅德商貿物流城有限公司* (「菏澤商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000	100%	-	100%	Property development 房地產開發
Yantai Hydoo International Commercial and Trade Center Company Limited ("Yantai Trade Center") 煙台毅德國際商貿城有限公司* (「煙台商貿城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000	100%	-	100%	Property development 房地產開發

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

15 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例			Principal activities 主要業務
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持	Held by subsidiaries 子公司所持	
Lanzhou Hydoo Commercial and Trade Center Company Limited ("Lanzhou Trade Center") 蘭州毅德商貿城有限公司*(「蘭州商貿城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000	100%	-	100%	Property development 房地產開發
Ganzhou Jiuzhi Property Management Services Company Limited ("Ganzhou Jiuzhi") 贛州市久治物業管理有限公司*(「贛州久治」)	The PRC 中國	RMB5,200,000 人民幣5,200,000	100%	-	100%	Property management services 物業管理服務
Heze Hydoo Industrial Company Limited ("Heze Industrial") 菏澤毅德城實業有限公司*(「菏澤實業」)	The PRC 中國	US\$45,000,000 美元45,000,000	100%	-	100%	Property development 房地產開發
Jiangxi Hydoo City Industrial Development Company Limited ("Jiangxi Hydoo") 江西毅德城實業有限公司*(「江西毅德」)	The PRC 中國	RMB700,000,000 人民幣700,000,000	51%	-	51%	Property development 房地產開發
Shenzhen Qianhai Hydoo Financial Leasing Company Limited 深圳前海毅德融資租賃有限公司*	The PRC 中國	RMB320,000,000 人民幣320,000,000	100%	-	100%	Finance lease 融資租賃
Liuzhou Hydoo Commercial and Trade Center Company Limited ("Liuzhou Trade Center") 柳州毅德商貿物流城有限公司*(「柳州商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000	100%	-	100%	Property development 房地產開發

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

15 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例			Principal activities 主要業務
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持	Held by subsidiaries 子公司所持	
Shenzhen Hydoo Microfinance Company Limited 深圳市毅德小額貸款有限公司*	The PRC 中國	RMB300,000,000 人民幣300,000,000	100%	-	100%	Finance 融資
Xingning Honglong Logistics Center Company Limited* 興寧鴻隆物流城有限公司*	The PRC 中國	RMB57,000,000 人民幣57,000,000	95%	-	95%	Property development 房地產開發
Xishui Chuangmeng Real Estate Development Company Limited (i) ("Xishui Chuangmeng") 習水創盟房地產開發有限公司* (i) (「習水創盟」)	The PRC 中國	RMB170,000,000 人民幣170,000,000	40%	-	40%	Property development 房地產開發
Guizhou Renhuai Chuangmeng Real Estate Development Company Limited ("Renhuai Chuangmeng") 貴州仁懷創盟房地產開發 有限公司*(「仁懷創盟」)	The PRC 中國	RMB170,000,000 人民幣170,000,000	38%	-	38%	Property development 房地產開發
Dongguan Dajiang Real Estate Development Company Limited* ("Dongguan Dajiang") 東莞市大江房地產開發有限公司* (「東莞大江」)	The PRC 中國	RMB90,000,000 人民幣90,000,000	45.9%	-	45.9%	Property development 房地產開發
Dongguan Huahai Industry Company Limited* ("Dongguan huahai") 東莞市華海實業投資有限公司* (「東莞華海」)	The PRC 中國	RMB6,960,000 人民幣6,960,000	51%	-	51%	Property development 房地產開發

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

15 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例			Principal activities 主要業務
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持	Held by subsidiaries 子公司所持	
Dongguan Dahu Real Estate Development Company Limited* ("Dongguan Dahu") 東莞市大湖房地產開發有限公司* (「東莞大湖」)	The PRC 中國	RMB33,482,000 人民幣33,482,000	51%	-	51%	Property development 房地產開發
Shenzhen Zhongbao Harbour Industry Company Limited* (iii) ("Zhongbao Harbour") 深圳中寶港灣實業有限公司* (iii) (「中寶實業」)	The PRC 中國	RMB100,000,000 人民幣100,000,000	51%	-	51%	Industry and Commerce 實業
Shenzhen Xiangsheng Union Industrial Development Company Limited ("Shenzhen Xiangsheng")* 深圳市祥勝聯合實業發展有限 公司*(「深圳祥勝」)	The PRC 中國	RMB200,000,000 人民幣200,000,000	51%	-	51%	Property development 房地產開發
Jining Hydo Beichuang Real Estate Development Company Limited ("Jining Beichuang")* (i) (ii) (iii) 濟寧毅德北創置業有限公司* (「濟寧北創」)(i) (ii) (iii)	The PRC 中國	RMB10,000,000 人民幣10,000,000	30%	-	30%	Property development 房地產開發

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

* 該等實體均為中國有限公司。該等公司的英文翻譯名僅供參考。該等公司的中文名稱為官方名稱。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

- (i) This entity was controlled by the Group according to the articles of association.
- (ii) The Group has control over the board of the directors of Jining Beichuang based on a co-operation agreement signed and the revised articles of association (note 4(ii)).
- (iii) **Non-controlling interest**

The following table lists out the information relating to Zhongbao Harbour and Jining Beichuang, the subsidiaries which has a material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

Zhongbao Harbour

	2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
NCI percentage	49%	49%
Non-current assets	12,045	-
Current assets	973,219	77,332
Current liabilities	(690,165)	(26,338)
Net assets	295,099	50,994
Carrying amount to NCI	144,599	24,987
Revenue	1,410,148	2,582
(Loss)/profit for the year	(5,894)	994
Total comprehensive income	(5,894)	994
(Loss)/profit allocated to NCI	(5,894)	487
Net cash used in operating activities	(32,852)	(40,228)
Net cash generated from/(used in) investing activities	9,000	(9,000)
Net cash generated from financing activities	26,073	50,000

15 於子公司的投資(續)

- (i) 這些公司為本集團截至2021年12月31日收購的。
- (ii) 根據已簽訂的合作協議及經修訂的公司章程(附註4(ii))，本集團對濟寧北創的董事會擁有控制權。
- (iii) **非控股權益**

下表列出了與深圳中寶港灣實業有限公司和濟寧毅德北創置業有限公司有關的信息，深圳中寶港灣實業有限公司和濟寧毅德北創置業有限公司是本集團擁有非控股權益的最大子公司。下表的財務信息列示的是集團內合併抵銷前的金額。

中寶實業

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

(iii) Non-controlling interest (Cont'd)

Jining Beichuang

	2021 RMB'000 人民幣千元
NCI percentage	70%
Non-current assets	47
Current assets	1,194,089
Current liabilities	(1,115,341)
Net assets	78,795
Carrying amount of NCI	55,157
Revenue	1,627,128
Loss for the year	(17,949)
Total comprehensive income	(17,949)
Loss allocated to NCI	(12,564)
Net cash used in operating activities	(248,495)

15 於子公司的投資(續)

(ii) 非控股權益(續)

濟寧北創

16 FINANCE LEASE RECEIVABLES

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Finance lease receivables	融資租賃應收款項	17,609	30,365
Less: due within one year (note 19)	減：1年內到期(附註19)	(11,199)	(22,155)
		6,410	8,210

16 融資租賃應收款項

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

16 FINANCE LEASE RECEIVABLES (Cont'd)

As at 31 December 2021, the total future minimum lease payments receivable under finance leases were as follows:

		2021				2020			
		Lease payments receivable	Unearned finance income	Loss allowance	Carrying amount	Lease payments receivable	Unearned finance income	Loss allowance	Carrying amount
		應收租金	未賺取融資收入	虧損撥備	賬面值	應收租金	未賺取融資收入	虧損撥備	賬面值
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Within 1 year (inclusive)	1年內(包括該年)	21,030	2,027	(11,858)	11,199	35,896	(1,752)	(11,989)	22,155
After 1 year but within 5 years (inclusive)	1至5年(包括首尾兩年)	7,319	(685)	(224)	6,410	9,181	(685)	(286)	8,210
		28,349	1,342	(12,082)	17,609	45,077	(2,437)	(12,275)	30,365

16 融資租賃應收款項(續)

於2021年12月31日，根據融資租賃應收未來最低租金總額如下：

17 OTHER NON-CURRENT ASSETS

17 其他非流動資產

		2021	2020
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Financial assets measured at amortised cost	按攤餘成本計量的金融資產		
– Notes receivable (Note)	– 應收票據(附註)	61,196	–
Financial assets measured at FVTPL	按公允價值計量且其變動計入檔期損益的金融資產		
– Unlisted equity investments not held for trading	– 並非持作買賣的非上市權益投資	4,180	253,062
– Amount due from Beijing Sunac (Note 13(ii))	– 應收北京融創款項(附註13(ii))	–	84,826
		4,180	337,888
		65,376	337,888

Note: As at 31 December 2021, notes receivable are interest-bearing at 14% per annum and recoverable in 2023.

附註：於2021年12月31日，應收票據為計息貸款，加權平均年利率為14%，無抵押擔保，將於2023年收回。

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(除另有指明外，均以人民幣列示)

18 INVENTORIES AND OTHER CONTRACT COSTS

18 存貨及其他合約成本

		2021	2020
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Inventories	存貨		
Property development	物業開發		
– Leasehold land held for and under development for sale	– 待售未來待開發租賃土地及待售在建物業	11,231,225	5,758,835
– Completed properties held for sale	– 待售已完工物業	2,624,104	3,597,357
		13,855,329	9,356,192
Others	其他	711	2,319
		13,856,040	9,358,511
Other contract costs	其他合約成本	36,908	10,836
		13,892,948	9,369,347

As at 31 December 2021, certain properties under development for sale, completed properties held for sale and leasehold land held for future development for sale were pledged for certain bank loans granted to the Group (note 24) and parking lots financing arrangement (note 22).

於2021年12月31日，若干待售在建物業、待售已完工物業及待售未來待開發租賃土地用作本集團獲授若干銀行貸款的抵押(附註24)及停車場融資安排的抵押(附註22)。

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(除另有指明外，均以人民幣列示)

18 INVENTORIES AND OTHER CONTRACT COSTS (Cont'd)

- (a) The analysis of carrying amount of leasehold land included in properties development for sale is as follows:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
In the Mainland China, with remaining lease term of	於中國內地，剩餘租賃期內		
50 years or more	50年或以上	2,893,320	1,224,176
between 10 and 50 years	10年到50年	2,013,165	2,528,158
		4,906,485	3,752,334

- (b) Leasehold land held for and under development for sale in the consolidated statement of financial position comprise:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Expected to be recovered within one year	預期於一年內收回	1,785,781	671,759
Expected to be recovered after more than one year	預期於一年以後收回	9,445,444	5,087,076
		11,231,225	5,758,835

18 存貨及其他合約成本(續)

- (a) 計入物業開發的租賃土地的賬面值分析如下：

- (b) 合併財務狀況表內的待售未來待售土地租賃包括：

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18 INVENTORIES AND OTHER CONTRACT COSTS (Cont'd)

- (c) Completed properties held for sale in the consolidated statement of financial position comprise:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Expected to be recovered within one year	預期於一年內收回	796,520	851,374
Expected to be recovered after more than one year	預期於一年以後收回	1,827,584	2,745,983
		2,624,104	3,597,357

- (d) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Carrying amount of inventories sold	已售存貨成本		
– properties	– 物業成本	3,307,866	2,370,569
– commodities	– 商品成本	1,477,351	–
Write-down/(reversal) of inventories	存貨跌價準備/(撥備)	129,283	(5,005)
		4,914,500	2,365,564

(e) Other contract costs

Contract costs capitalised as at 31 December 2021 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "selling and distribution costs" in the statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB10,752,000 (2020: RMB17,796,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year.

The Group applies the practical expedient in paragraph 94 of IFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting period as the date of entering into the contract.

As at 31 December 2021, the amount of capitalised contact costs that is expected to be recovered after more than one year is RMB5,031,000 (2020: RMB4,376,000).

18 存貨及其他合約成本(續)

- (c) 合併財務狀況表內待售已完工的物業包括：

	2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Expected to be recovered within one year	796,520	851,374
Expected to be recovered after more than one year	1,827,584	2,745,983
	2,624,104	3,597,357

- (d) 計入當期損益的存貨成本的賬面值分析如下：

	2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Carrying amount of inventories sold		
– properties	3,307,866	2,370,569
– commodities	1,477,351	–
Write-down/(reversal) of inventories	129,283	(5,005)
	4,914,500	2,365,564

(e) 其他合約成本

於2021年12月31日資本化的合約成本與支付予物業代理的增量銷售佣金有關，該等物業代理的銷售活動導致客戶就本集團於報告日期仍在建的物業訂立買賣協議。合約成本於確認相關物業銷售收益期間在損益表確認為「銷售和分銷成本」的一部分。年內於損益確認的資本化成本金額為人民幣10,752,000元(2020年：人民幣17,796,000元)。資本化成本的年初結餘或年內資本化的成本並無發生減值。

本集團利用國際財務報告準則第15號第94段的實際權益方法，並且認可當資產在攤銷期間發生時獲得與銷售已完工物業以及服務相關的合同的增量成本作為一項支出，否則，本集團將在簽訂合同之日的同一報告期內確認。

截至2021年12月31日，預計一年以上可收回的資本化聯繫成本金額為人民幣5,031,000元(2020年：人民幣4,376,000元)。

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19 TRADE AND OTHER RECEIVABLES

19 貿易及其他應收款項

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Trade receivables (a)	貿易應收款項(a)	294,671	244,911
Less: loss allowance	減：虧損撥備	(12,922)	(8,994)
		281,749	235,917
Finance lease receivables (note 16)	融資租賃應收款項(附註16)	23,057	34,144
Less: loss allowance (note 16)	減：虧損撥備(附註16)	(11,858)	(11,989)
		11,199	22,155
Amounts due from joint ventures (c)	應收合營公司款項(c)	78,595	62,837
Less: loss allowance (note 13)	減：虧損撥備(附註13)	(19,613)	(19,613)
		58,982	43,224
Other debtors, net of loss allowance (b)	其他應收款項抵減虧損撥備後 淨額(b)	1,563,996	574,605
Financial assets measured at amortised cost	以攤銷成本計量的金融資產	1,915,926	875,901
Prepaid sales related tax and other taxes	預付銷售相關稅金及其他稅金	325,193	295,603
Deposits and prepayments (d)	定金及預付款項(d)	1,657,600	1,677,899
		3,898,719	2,849,403

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19 TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Ageing analysis

As at the end of the reporting period, the ageing analysis of trade receivables (net of loss allowance) based on the date the relevant trade receivables recognised, is as follows:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Within 1 month	1個月內	12,228	19,236
1 to 3 months	1至3個月內	5,858	12,749
3 to 6 months	3至6個月內	12,932	4,095
6 to 12 months	6至12個月內	34,010	-
Over 12 months (Note)	12個月以上(附註)	216,721	199,837
		281,749	235,917

Note: As at 31 December 2021, the above trade receivables aged over 12 months were mainly due from an entity controlled by a local government authority.

The details on the Group's credit policy are set out in note 34(a).

Trade receivables are primarily related to proceeds from the sale of properties and rental services provided.

19 貿易及其他應收款項(續)

(a) 賬齡分析

於報告期末，按相關貿易應收款項確認日期劃分的貿易應收款項(扣除虧損撥備)的賬齡分析如下：

	2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Within 1 month	12,228	19,236
1 to 3 months	5,858	12,749
3 to 6 months	12,932	4,095
6 to 12 months	34,010	-
Over 12 months (Note)	216,721	199,837
	281,749	235,917

附註：截至2021年12月31日，上述超過12個月的貿易應收款項主要來自一個政府機構。

本集團信貸政策的詳情載於附註34(a)。

貿易應收款項主要與物業銷售所得款項及提供租賃服務有關。

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19 TRADE AND OTHER RECEIVABLES (Cont'd)

- (b) The details on the other debtors, net of loss allowance are set out in below:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Amounts due from controlling shareholders (i)	應收控股股東款項(i)	798,158	-
Loans to the third parties (ii)	向第三方提供貸款(ii)	104,983	256,101
Amounts due from non-controlling interests (iii)	應收非控股權益款項(iii)	332,555	230,086
Amounts due from disposed subsidiaries (iv)	應收處置子公司款項(iv)	164,695	-
Others (v)	其他(v)	163,605	88,418
		1,563,996	574,605

- (i) As at 31 December 2021, amounts due from controlling shareholders are unsecured, interest-free and have no fixed repayment terms.
- (ii) As at 31 December 2021, loans to the third parties are interest-bearing at weighted average rate of 16.17% per annum (2020: 14.76% per annum), unsecured and to be recovered within one year.
- (iii) As at 31 December 2021, amounts due from non-controlling interests represents advances to non-controlling interests recorded by the subsidiaries acquired by the Group upon the respective acquisitions.
- (iv) The amount was fully recovered subsequent to year end.
- (v) This amount included the consideration receivables in respect of disposals of subsidiaries of RMB29,810,000, which was fully recovered subsequent to year end (see note 21(f)).
- (c) The amounts due from joint ventures are unsecured, interest-free and have no fixed repayment terms. The Group has fully provided loss allowance on the amount due from Thailand Joint Venture amounted to RMB19,613,000 in 2018 (see note 13).
- (i) 於2021年12月31日，應收控股股東款項為無抵押、免息、無固定還款期限的款項。
- (ii) 於2021年12月31日，向第三方提供的貸款按加權平均年利率16.17%計息（2020年12月31日：年利率14.76%），無抵押擔保並可於一年內收回。
- (iii) 於2021年12月31日，應收少數股東款項系本集團收購附屬公司時發生的對非控股權益的墊款。
- (iv) 該款項已於年後全額收回。
- (v) 該金額包括與處置子公司相關的應收對價2,981萬元人民幣，該對價在年底後已全部收回（見附註21(f)）。
- (c) 應收合營企業款項的結餘為無抵押、免息及無固定還款期，本集團對應收泰國合營企業的餘額已經於2018年全額計提減值虧損撥備人民幣19,613,000元（附註13）。

19 貿易及其他應收款項(續)

- (b) 其他應收款項(扣除虧損撥備)詳情載列如下：

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19 TRADE AND OTHER RECEIVABLES (Cont'd)

(d) The details on the deposits and prepayments are set out in below:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Deposits and prepayments for purchase of land use right	購買土地使用權押金及預付款	721,159	640,529
Deposits and prepayments for acquisition of development projects	收購開發項目押金及預付款	434,323	526,289
Others	其他	502,118	511,081
		1,657,600	1,677,899

19 貿易及其他應收款項(續)

(d) 押金及預付款項詳情載列如下：

20 PLEDGED AND RESTRICTED CASH

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Pledged to banks for certain mortgage facilities	就若干按揭融資而抵押予銀行	153,543	175,447
Pledged for bills payables and discounted bills	就應付票據和貼現票據抵押	555,325	300,000
Restricted cash (i)	受限制現金(i)	54,649	92,714
		763,517	568,161

20 已抵押及受限制現金

Note:

(i) As at 31 December 2021, included in restricted cash are amounts of RMB46,500,000 (2020: RMB27,388,000) frozen by banks due to pending litigations.

附註：

(i) 於2021年12月31日，受限制現金包括因未決訴訟被銀行凍結的現金人民幣46,500,000元（2020年：人民幣27,388,000元）。

21 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Cash at bank and on hand	銀行存款及現金	1,373,314	1,783,235

21 現金及現金等值物

(a) 現金及現金等值物包括：

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21 CASH AND CASH EQUIVALENTS (Cont'd)

(b) Reconciliation of (loss)/profit before taxation to cash generated from operations:

21 現金及現金等值物(續)

(b) 除稅前利潤與經營業務所得的現金的對賬：

			2021	2020
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
(Loss)/profit before taxation	除稅前(虧損)/利潤		(355,669)	725,883
Adjustments for:	就下列項目調整：			
Finance income	財務收入	5(a)	(63,041)	(38,849)
Finance costs	融資成本	5(a)	296,974	276,788
Fair value loss/(gain) on investment properties	投資物業公允價值損失/(收益)	11	9,700	(172,315)
Provision/(reversal of provision) for diminution in value of inventories	存貨跌價準備/(撥備)	5(c)	129,283	(5,005)
Impairment loss on financial assets measured at amortised cost	貿易及其他應收款項減值虧損	5(c)	12,073	28,109
Government grants related to investment properties recognised in other income	於其他收入確認投資物業相關的政府補助	28	-	(4,271)
Depreciation and amortisation	折舊及攤銷	5(c)	35,868	35,721
Net realised and unrealised fair value gain from financial assets and liabilities measured at FVTPL	按公允價值計量且其變動計入當期損益金融資產的已實現公允價值淨收益和未實現公允價值收益	4	5,851	(61,529)
Net gain on disposal of a joint venture	出售合營企業的淨收益	4	-	(650)
Net loss on disposal of subsidiaries	出售子公司的損失淨額	4	105,701	-
Net loss on disposal of other non-current assets	出售其他非流動資產的損失淨額	4	88,249	-
Equity settled share-based payment expenses	以權益結算的股份支付費用		11,619	8,666
Share of losses of joint ventures	分佔合營企業虧損	13	152	241
Net loss on disposal of investment properties	出售投資性房地產的淨損失	4	5,667	25,017
Gain on bargain purchase of subsidiaries	收購子公司的收益	4	(20,954)	-
Net gain on disposal of property, plant and equipment	出售物業、廠房及設備收益淨額	4	(3,650)	(900)
Changes in working capital:	營運資金變動：			
(Increased)/decreased in inventories and other contract costs	存貨及其他合約成本(增加)/減少		(2,324,874)	465,099
Decreased/(increased) in trade and other receivables	貿易及其他應收款項減少/(增加)		213,161	(179,499)
Decrease in pledged and restricted cash	質押及受限資金減少		59,969	130,542
(Decrease)/increase in trade and other payables	貿易及其他應付款項(減少)/增加		(1,120,603)	1,807,972
Decrease in contract liabilities	合約負債減少		(406,507)	(2,082,861)
Decrease in deferred income	遞延收益減少		(66,273)	(125,770)
Cash (used in)/generated from operations	經營業務(使用)/產生的現金		(3,387,304)	832,389

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21 CASH AND CASH EQUIVALENTS (Cont'd)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

21 現金及現金等值物(續)

(c) 融資活動產生的負債的對賬

下表詳述本集團來自融資活動的負債變動，包括現金及非現金變動。融資活動產生的負債為現金流量或未來現金流量所確定的負債，在本集團合併現金流量表中歸類為融資活動產生的現金流量。

		Bank loans and other borrowings 銀行貸款及其他借貸 (note 24) (附註24) RMB'000 人民幣千元	Senior notes 優先票據 (note 25) (附註25) RMB'000 人民幣千元	Corporate bonds 公司債券 RMB'000 人民幣千元	Lease liabilities 租賃負債 (note 27) (附註27) RMB'000 人民幣千元	Amounts due to controlling shareholders 應付控股股東款項 (note 26) (附註26) RMB'000 人民幣千元	Other current liabilities 其他流動負債 (附註29) (附註29) RMB'000 人民幣千元	Other payables 其他應付款項 (附註22) (附註22) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2021	於2021年1月1日	1,310,259	1,820,524	-	40,108	867,000	300,000	507,547	4,845,438
Proceeds from new bank loans and other borrowings	新增銀行貸款及其他借貸所得款項	3,009,155	-	-	-	-	-	-	3,009,155
Net proceeds from the issue of senior notes	發行優先票據所得款項淨額	-	921,367	-	-	-	-	-	921,367
Advances from controlling shareholders	預收控股股東款項	-	-	-	-	3,335,646	-	-	3,335,646
Advances from non-controlling interests	預收少數股東款項	-	-	-	-	-	-	2,054,978	2,054,978
Repayment of advances from non-controlling interests	償還少數股東預付款	-	-	-	-	-	-	(484,339)	(484,339)
Advances from third parties	第三方預付款	-	-	-	-	-	-	454,200	454,200
Repayment of advances from third parties	償還第三方預付款	-	-	-	-	-	-	(343,122)	(343,122)
Advances from discounted bills	貼現票據預付款	-	-	-	-	-	576,558	-	576,558
Repayment of parking lots financing arrangements	停車場融資安排收益	-	-	-	-	-	-	(32,675)	(32,675)
Repayment of controlling shareholders	償還控股股東	-	-	-	-	(3,175,178)	-	-	(3,175,178)
Repayment of bank loans and other borrowings	償還銀行貸款及其他借貸	(1,048,091)	-	-	-	-	-	-	(1,048,091)
Repayment of senior notes	償還優先票據	-	(347,340)	-	-	-	-	-	(347,340)
Repayment of discounted bills	償還貼現票據	-	-	-	-	-	(300,000)	-	(300,000)
Capital element of lease rentals paid	支付租賃租金的資本要素	-	-	-	(5,521)	-	-	-	(5,521)
Interest element of lease rentals paid	支付租賃租金的利息要素	-	-	-	(4,316)	-	-	-	(4,316)
Interest and other borrowing costs paid during the year	年內已付利息及其他借貸成本	(128,687)	(281,903)	-	-	-	(9,795)	(73,523)	(493,908)
Total changes from financing cash flows	融資現金流量變動總額	1,832,377	292,124	-	(9,837)	160,468	266,763	1,575,519	4,117,414
Exchange adjustments	匯率調整	-	(57,787)	-	-	-	-	-	(57,787)
Other changes:	其他變動：								
Increase in lease liabilities from entering into new leases during the year	本期新增租賃產生的租賃負債增加額	-	-	-	1,208	-	-	-	1,208
Acquisition of subsidiaries	收購子公司	-	-	-	-	-	-	288,288	288,288
Interest expense (note 5(a))	利息開支(附註5(a))	163,438	295,307	-	4,316	-	9,795	73,523	546,379
Interest payable	應付利息	(34,751)	(3,706)	-	-	-	-	-	(38,457)
Total other changes	其他變動總額	128,687	291,601	-	5,524	-	9,795	361,811	797,418
At 31 December 2021	於2021年12月31日	3,271,323	2,346,462	-	35,795	1,027,468	576,558	2,444,877	9,702,483

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21 CASH AND CASH EQUIVALENTS (Cont'd)

(c) Reconciliation of liabilities arising from financing activities (Cont'd)

		Bank loans and other borrowings 銀行貸款及其他借貸 (note 24) (附註24) RMB'000 人民幣千元	Senior notes 優先票據 (note 25) (附註25) RMB'000 人民幣千元	Corporate bonds 公司債券 RMB'000 人民幣千元	Lease liabilities 租賃負債 (note 27) (附註27) RMB'000 人民幣千元	Amounts due to controlling shareholders 應付控股股東款項 (note 26) (附註26) RMB'000 人民幣千元	Other current liabilities 其他流動負債 (note 29) (附註29) RMB'000 人民幣千元	Other payables 其他應付款項 (note 22) (附註22) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2020	於2020年1月1日	1,233,683	1,653,019	259,700	42,084	-	-	-	3,188,486
Proceeds from new bank loans and other borrowings	新增銀行貸款及其他借貸所得款項	641,000	-	-	-	-	-	-	641,000
Net proceeds from the issue of senior notes	發行優先票據所得款項淨額	-	601,219	-	-	-	-	-	601,219
Advances from controlling shareholders	預收控股股東款項	-	-	-	-	867,000	-	-	867,000
Advances from non-controlling interests	預收少數股東款項	-	-	-	-	-	-	86,866	86,866
Repayment of advances from non-controlling interests	償還少數股東預付款	-	-	-	-	-	-	(92,064)	(92,064)
Advances from third parties	第三方預付款	-	-	-	-	-	-	98,528	98,528
Repayment of advances from third parties	償還第三方預付款	-	-	-	-	-	-	(113,830)	(113,830)
Advances from discounted bills	貼現票據預付款	-	-	-	-	-	300,000	-	300,000
Proceeds from parking lots financing arrangements	停車場融資安排收益	-	-	-	-	-	-	77,075	77,075
Repayment of bank loans and other borrowings	償還銀行貸款及其他借貸	(564,424)	-	-	-	-	-	-	(564,424)
Repayment of senior notes	償還優先票據	-	(323,254)	-	-	-	-	-	(323,254)
Repayment of corporate bonds	償還公司債券	-	-	(260,000)	-	-	-	-	(260,000)
Capital element of lease rentals paid	支付租賃租金的資本要素	-	-	-	(5,554)	-	-	-	(5,554)
Interest element of lease rentals paid	支付租賃租金的利息要素	-	-	-	(4,158)	-	-	-	(4,158)
Interest and other borrowing costs paid during the year	年內已付利息及其他借貸成本	(109,944)	(269,834)	(19,500)	-	-	(13,383)	-	(412,661)
Total changes from financing cash flows	融資現金流量變動總額	(33,368)	8,131	(279,500)	(9,712)	867,000	286,617	56,575	895,743
Exchange adjustments	匯率調整	-	(103,732)	-	-	-	-	-	(103,732)
Other changes:	其他變動：								
Increase in lease liabilities from entering into new leases during the year	本期新增租賃產生的租賃負債增加額	-	-	-	3,578	-	-	-	3,578
Acquisition of subsidiaries	收購子公司	-	-	-	-	-	-	450,972	450,972
Interest expense (note 5(a))	利息開支(附註5(a))	108,181	260,640	5,717	4,158	-	13,383	4,857	396,936
Interest payable	應付利息	1,763	2,466	14,083	-	-	-	(4,857)	13,455
Total other changes	其他變動總額	109,944	263,106	19,800	7,736	-	13,383	450,972	864,941
At 31 December 2020	於2020年12月31日	1,310,259	1,820,524	-	40,108	867,000	300,000	507,547	4,845,438

21 現金及現金等值物(續)

(c) 融資活動產生的負債的對賬(續)

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21 CASH AND CASH EQUIVALENTS (Cont'd)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Within operating cash flows	經營活動現金流	2,384,917	227,962
Within financing cash flows	融資活動現金流	9,837	9,712
		2,394,754	237,674

These amounts relate to the following:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Lease rentals paid	支付的租賃租金	15,743	13,629
Purchase of leasehold land	購買租約土地支出	2,379,011	224,045
		2,394,754	237,674

21 現金及現金等值物(續)

(d) 租賃現金流出總額

現金流量表中的租賃金額包含如下：

這些總額與下列相關：

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21 CASH AND CASH EQUIVALENTS (Cont'd)

(e) Acquisitions of subsidiaries

During the year, the Group has acquired certain subsidiaries which hold property development projects. Acquisitions of these subsidiaries enable the Group to expand its land banks. The acquired subsidiaries' major assets are properties held for development and properties under development. The directors consider that the purpose of acquiring those subsidiaries is solely to acquire the underlying properties. Details of the acquisitions are summarised as follows:

	Acquisition date 收購日	Consideration 對價 RMB'000 人民幣千元	Percentage of equity interest acquired 收購股權比例
Shenzhen Zhonghongxin Property Development Limited 深圳市中鴻信房地產開發有限公司	31 January 2021 2021年1月31日	13,800	51.00%
Dongguan Bohe Enterprise Investment Limited 東莞市鉅禾實業投資有限公司	31 January 2021 2021年1月31日	222,000	51.00%
Dongguan Shanghua Property Limited 東莞市商華置業有限公司	31 January 2021 2021年1月31日	–	51.00%
Hangzhou Xinan Yuerong Enterprise Limited 杭州心安悅容實業有限公司	31 March 2021 2021年3月31日	40,500	60.00%
Dongguan Xingtong Property Development Limited 東莞市興通物業投資有限公司	16 August 2021 2021年8月16日	214,000	100.00%

In addition, as set out in note 4(ii), during the year, based on a co-operation agreement signed and revised articles of association of Jining Beichuang, the Group can exercise control over Jining Beichuang, which became a non-wholly owned subsidiary of the Group.

21 現金及現金等值物(續)

(e) 收購子公司

本年內，集團收購了若干持有房地產開發項目的子公司。收購這些子公司能夠擴大本集團的土地儲備。被收購子公司的主要資產為開發性房地產和在建房地產，董事會認為，收購這些子公司的目的僅僅是為了收購標的資產。收購詳情如下：

	收購日	對價 人民幣千元	收購股權比例
深圳市中鴻信房地產開發有限公司	2021年1月31日	13,800	51.00%
東莞市鉅禾實業投資有限公司	2021年1月31日	222,000	51.00%
東莞市商華置業有限公司	2021年1月31日	–	51.00%
杭州心安悅容實業有限公司	2021年3月31日	40,500	60.00%
東莞市興通物業投資有限公司	2021年8月16日	214,000	100.00%

此外，如附註4(ii)記載，基於簽訂的有關濟寧北創的合作協議及經修訂的公司章程，本集團於2021年對濟寧北創實施控制，該實體成為本集團的非全資子公司。

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21 CASH AND CASH EQUIVALENTS (Cont'd)

(e) Acquisitions of subsidiaries (Cont'd)

The effects of acquisitions on the Group's assets and liabilities are set out as below:

		Note 附註	RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	10	972
Inventories and other contract costs	存貨及其他合同成本		2,510,353
Trade and other receivables	貿易和其他應收款項		159,824
Prepaid tax	預繳稅款		83,312
Cash and cash equivalents	現金及現金等價物		549,984
Trade and other payables	貿易及其他應付款		(155,084)
Contract liabilities	合同負債	23	(2,499,428)
Deferred tax liabilities	遞延所得稅負債	14(b)	(48,888)
Non-controlling interests	非控股權益		(71,291)
Net assets attributable to the Group	歸屬於本集團的淨資產		529,754
Gain on bargain purchase of subsidiaries (note 4)	收購子公司的收益(附註4)		(20,954)

Cash considerations paid	支付的現金對價	508,800
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Analysis of net cash inflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

與收購子公司有關的現金及現金等價物淨現金流出分析：

		RMB'000 人民幣千元
Cash considerations paid	支付的現金對價	508,800
Less: cash and cash equivalents acquired	減：取得的現金及現金等價物	549,984
Net cash outflow	現金流出淨額	41,184

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21 CASH AND CASH EQUIVALENTS (Cont'd)

(f) Disposal of subsidiaries

During the year, the Group has disposed certain subsidiaries which held property development projects and investment properties. Subsequent to the disposals, these entities are no longer subsidiaries of the Group.

21 現金及現金等值物(續)

(f) 出售子公司

本集團本年內出售了若干持有物業發展項目的附屬公司及其投資性物業。出售後，該等實體不再為本集團的附屬公司。

	Disposal date 處置日	Consideration 對價 RMB'000 人民幣千元
Shenzhen Hong'an Decoration Limited 深圳市鴻安裝飾工程有限公司	31 March 2021 2021年3月31日	-
Shenzhen Aoyilai Trading Limited 深圳市奧億萊貿易有限公司	31 March 2021 2021年3月31日	-
Shenzhen Jingying Investment Limited 深圳市景盈投資有限公司	30 November 2021 2021年11月30日	-
Ningxiang Hydo Color Trading Plaza Development Limited 寧鄉毅德光彩貿易廣場開發有限公司	30 November 2021 2021年11月30日	28,810
Shenzhen Qianhai Hydo Technology Limited 深圳市前海毅德信息技術有限公司	30 November 2021 2021年11月30日	35,240
Shenzhen Hydo Lingkong Technology Limited 深圳市毅德零空科技有限公司	30 November 2021 2021年11月30日	1,000

The combined effects of such disposals on the Group's assets and liabilities are set out below :

該等處置對本集團資產和負債的綜合影響如下：

		Note 附註	RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	10	221
Investment properties	投資物業	11	366,300
Intangible assets	無形資產	12	4,171
Deferred tax assets	遞延所得稅資產	14(b)	14,891
Other non-current asset	其他非流動資產		56,558
Inventories and other contract costs	存貨及其他合同成本		424,259
Trade and other receivables	貿易及其他應收款		231,979
Amounts due from the Group	應收本集團款項		1,610
Cash and cash equivalents	現金及現金等價物		3,043
Trade and other payables	貿易及其他應付款		(678,367)
Amounts due to the Group	應付本集團款項		(164,695)
Contract liabilities	合同負債	23	(34,151)
Current tax liabilities	當期應付稅款		(163)
Deferred income	遞延收益		(23,578)
Deferred tax liabilities	遞延所得稅負債	14(b)	(27,842)
Non-controlling interest	非控股權益		(3,485)
Net liabilities attributable to the Group disposed of	處置歸屬於本集團的淨負債		170,751
Total considerations	總體對價		(65,050)
Net loss on disposal of subsidiaries (note 4)	出售子公司的淨虧損(附註4)		105,701

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21 CASH AND CASH EQUIVALENTS (Cont'd)

(f) Disposal of subsidiaries (Cont'd)

		RMB'000 人民幣千元
Total considerations	總體對價	65,050
Consideration to be recovered subsequent to year end (note 19)	應期後收回的對價(見附註19)	29,810
Consideration received, satisfied in cash	以現金收回的對價	35,240
Cash and cash equivalents disposed of	處置減少的現金及現金等價物	(3,043)
Net cash inflow	淨現金流入	32,197

21 現金及現金等值物(續)

(f) 出售子公司(續)

22 TRADE AND OTHER PAYABLES

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Trade and bills payables (a)	貿易應付款項及應付票據(a)	2,525,017	2,409,209
Other payables and accruals (b)	其他應付款項及應計費用(b)	2,029,260	1,505,525
Financial liabilities measured at amortised cost	以攤餘成本計量的金融負債	4,554,277	3,914,734
Deposits (c)	定金(c)	340,518	1,520,261
Receipts in advance	預收款項	25,620	15,955
		4,920,415	5,450,950

(a) As at the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on due date, is as follows:

(a) 於報告期末，應付賬款及應付票據(該等已計入貿易及其他應付款項)按到期日期的賬齡分析如下：

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Due within 1 month or on demand	於1個月內到期或按要求	254,197	251,012
Due after 1 month but within 3 months	於1個月後但於3個月內到期	393,694	347,108
Due after 3 months but within 6 months	於3個月後但於6個月內到期	472,663	537,094
Due after 6 months	於6個月後到期	1,404,463	1,273,995
		2,525,017	2,409,209

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22 TRADE AND OTHER PAYABLES (Cont'd)

(a) (Cont'd)

Trade payables mainly represent amounts due to contractors. Payment to contractors is in installments according to progress and agreed milestones.

The Group normally retains 3% to 10% as retention money. As at 31 December 2021, included in trade and bills payables are retention payables of RMB247,598,000 (2020: RMB316,296,000), which are expected to be settled after more than one year.

(b) The details of other payables and accruals are set out below:

22 貿易及其他應付款項(續)

(a) (續)

貿易應付款項主要指應付承包商款項。應付承包商款項按進度及協定里程碑分期付款。

本集團通常保留3%至10%作為保留金。於2021年12月31日，貿易應付款項中包括應付保留金人民幣247,598,000元(2020年：人民幣316,296,000元)，預期將於一年後結算。

(b) 其他應付款項及應計費用詳情載列如下：

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Amounts due to the non-controlling interests (i)	應付非控股權益款項(i)	1,199,793	323,808
Amount due to a related party (ii)	應付關聯方款項(ii)	-	57,230
Amounts due to the third parties (ii)	應付第三方款項(ii)	237,539	281,435
Other tax payables	其他應交稅費	229,365	300,497
Others (iii)	其他(iii)	362,563	542,555
		2,029,260	1,505,525

Notes:

- (i) As at 31 December 2021, apart from the amount due to a non-controlling interest of RMB700,000,000 (2020: Nil) which is interest-free and repayable within one year, the amounts due to the non-controlling interests are unsecured, interest-free and repayable on demand.
- (ii) As at 31 December 2021, apart from the amount due to a third party of RMB80,000,000 which are interest-bearing at a weight average rate of 11% per annum (2020: Nil), the amount due to a related party and the amounts due to the third parties are unsecured, interest-free and repayable within one year.
- (iii) The balance included earnest payments of RMB84,748,000 (2020: RMB185,456,000) from potential clients and advances from parking lots financing arrangement of RMB44,400,000 (2020: RMB77,075,000) which are pledged by parking lots held by subsidiaries of the Group.

附註：

- (i) 截至2021年12月31日，除應收非控股權益款項人民幣700,000,000元(2020年：無)為免息並於一年內償還外，應收非控股權益款項為無抵押、免息及應按的要求償還。
- (ii) 截至2021年12月31日，除應付第三方款項人民幣80,000,000元按加權平均年利率11%計息(2020年：無)外，應付關聯方款項及應付第三方無抵押、免息且須在一年內償還。
- (iii) 餘額包括向潛在客戶支付的誠意金人民幣84,748,000元(2020年：人民幣185,456,000元)以及以本集團附屬公司持有的停車場質押的停車場融資安排墊款人民幣44,400,000元(2020年：人民幣77,075,000元)。

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22 TRADE AND OTHER PAYABLES (Cont'd)

(c) The details of deposits are set out below:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Deposits for cooperative development of properties	項目發展合作保證金	271,557	1,401,032
Others (iv)	其他(iv)	68,961	119,229
		340,518	1,520,261

Notes:

(iv) As at 31 December 2021, other deposits include the deposits related to decoration and lease arrangement of RMB29,114,000 (2020: RMB38,718,000) which are expected to be settled after more than one year.

All of the other payables and accrued expenses and deposits are expected to be settled within one year.

22 貿易及其他應付款項(續)

(c) 押金詳情載列如下：

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Deposits for cooperative development of properties	項目發展合作保證金	271,557	1,401,032
Others (iv)	其他(iv)	68,961	119,229
		340,518	1,520,261

附註：

(iv) 截至2021年12月31日，其他押金包括與裝修及租賃安排有關的押金人民幣29,114,000元（2020年：人民幣38,718,000元），預計將在一年以上結清。

所有其他應付款項及應計開支及定金預期將於一年內結算。

23 CONTRACT LIABILITIES

Advances received for sales of properties
Property management fees received in advance
Others

銷售物業收取的墊款
預收物業管理費
其他

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Advances received for sales of properties	銷售物業收取的墊款	3,881,502	1,956,018
Property management fees received in advance	預收物業管理費	12,185	8,952
Others	其他	8,671	6,325
		3,902,358	1,971,295

23 合約負債

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

23 CONTRACT LIABILITIES (Cont'd)

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Property development

Depending on market conditions, the Group requires the customers to pay off the full consideration within an agreed time frame while developments are still ongoing, rather than on the completion of the relevant properties. Such advance payment schemes result in contract liabilities being recognised throughout the remaining property development period for the full amount of the contract price. In addition, the contract liabilities will be increased by the amount of interest expense being accrued by the Group to reflect the effect of any significant financing benefit obtained from the customers during the period between the payment date and the date of delivery of property to customers. As this accrual increases the amount of the contract liabilities during the period of development, it therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer.

Movements in contract liabilities

23 合約負債(續)

對經確認合約負債金額構成影響的一般支付條款如下：

物業開發

視乎市況，本集團要求客戶在開發仍在進行期間，而不是在有關物業落成後，在協定時限內付清全部對價。該等墊付計劃導致合約負債於整個餘下物業開發期間就合約價悉數確認。此外，合約負債將因本集團應計的利息開支金額而增加，以反映付款日至交付物業予客戶的日期從客戶獲得的任何重大融資利益的影響。由於此應計項目增加開發期間的合約負債金額，已完工物業的控制權轉移至客戶時確認的收益金額亦會增加。

合約負債變動

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Balance at 1 January	於1月1日的結餘	1,971,295	2,989,327
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	年內確認於年初計入合約負債收益導致合約負債減少	(1,268,678)	(2,499,887)
Increase in contract liabilities as a result of receiving advanced payments of sales of properties in respect of properties still under construction and advanced service fee of properties management during the year	年內有關於仍在建中物業的銷售物業預收款項及預收物業管理服務費導致合約負債增加	2,291,942	701,315
Acquisition of subsidiaries (Note 21(e))	收購子公司(附註21(e))	2,499,428	1,064,829
Decrease in contract liabilities by acquired subsidiaries as a result of recognising revenue during the year	年內確認收入導致收購子公司的合同負債減少	(1,627,128)	(382,731)
Disposal of subsidiaries (Note 21(f))	出售子公司(附註21(f))	(34,151)	-
Increase in contract liabilities as a result of accruing interest expense on advances	墊款應計利息開支導致合約負債增加	69,650	98,442
Balance at 31 December	於12月31日的結餘	3,902,358	1,971,295

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23 CONTRACT LIABILITIES (Cont'd)

Movements in contract liabilities (Cont'd)

The amounts of billings received advance payment of sales of properties expected to be recognised as income after more than one year is RMB127,917,000 (2020: RMB197,820,000).

24 BANK LOANS AND OTHER BORROWINGS

At 31 December 2021, the Group's bank loans and other borrowings are repayable as follows:

23 合約負債(續)

合約負債變動(續)

預計一年以上確認為收入的預收物業銷售款項為人民幣127,917,000元(2020年：人民幣197,820,000元)。

24 銀行貸款及其他借貸

於2021年12月31日，本集團的銀行貸款及其他借貸的償還情況如下：

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Bank loans	銀行借款		
Current	流動		
– bank loans and other borrowings	– 銀行貸款及其他貸款	60,000	11,000
– current portion of non-current bank loans and other borrowings	– 非流動銀行貸款及其他借貸的流動部分	471,631	470,029
		531,631	481,029
Non-current	非流動		
– repayable after 1 year but within 2 years	– 一年後但兩年內還款	793,353	327,002
– repayable after 2 years but within 5 years	– 兩年後但五年內還款	1,555,297	331,178
– repayable after 5 years	– 五年後還款	391,042	171,050
		2,739,692	829,230
		3,271,323	1,310,259

At 31 December 2021, the loans and borrowings were secured as follows:

於2021年12月31日，銀行借貸擔保情況如下：

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Secured	抵押	818,361	1,035,957
Secured and guaranteed	抵押和保證	2,452,962	275,202
		3,271,323	1,310,259

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24 BANK LOANS AND OTHER BORROWINGS (Cont'd)

- (a) Certain banking facilities and borrowings of the Group are subject to the fulfilment of covenants relating to: (1) certain of the Group's operating subsidiaries' statement of financial position ratios; (2) restriction of profit distribution by certain of its operating subsidiaries; or (3) early repayment of principal to be triggered when 70% of the gross sellable area for the underlying property project are sold. These requirements are commonly found in lending arrangements with financial institutions. If the Group was to breach such covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants and communicates with its lenders as and when the directors foresee any non-compliance due to business needs.

At 31 December 2021 and 2020, there is no advanced redemption requested by certain banks due to not applying with the imposed covenants as set out in the above.

(b) Bank loans guaranteed by related parties

As at 31 December 2021, bank loans of RMB952,300,000 (2020: RMB190,000,000) were jointly guaranteed by Cai Hongwen and Zeng Yunshu.

As at 31 December 2021, bank loans of RMB1,337,600,000 (2020: Nil) were jointly guaranteed by Zengsheng, Zeng Yunshu and Junsheng Holdings.

As at 31 December 2021, bank loans of RMB98,200,000 (2020: Nil) were jointly guaranteed by Zengsheng, Zeng Yunshu and RXHD Holdings.

As at 31 December 2021, bank loans of RMB64,862,280 (2020: RMB85,202,280) were jointly guaranteed by Wong Choi Hing and Wang Xianyu.

24 銀行貸款及其他借貸(續)

- (a) 本集團的若干銀行融資及借貸須待有關下列各項的契諾達成後，方會作實：(1) 本集團若干營運附屬公司的財務狀況比率指標；(2) 按其若干營運附屬公司分配股利限制；或(3) 當相關物業項目的可售總面積的70%被出售時須優先償還貸款行貸款。該等規定常見於與金融機構訂立的貸款安排。倘本集團違反有關限制，則已提取的融資將需於要求時償還。本集團定期監控其遵守該等限制的情況；且當董事預期由於業務需求導致無法遵守時，本集團會與貸款人溝通。

於2021年12月31日和2020年12月31日，概無本集團的銀行貸款由於未遵守所施加的限制被某些銀行要求提前還款。

(b) 由關聯方擔保的銀行借款

截至2021年12月31日，銀行借款人民幣952,300,000元(2020年：人民幣190,000,000元)由蔡鴻文及曾雲樞共同擔保。

截至2021年12月31日，銀行借款人民幣1,337,600,000元(2020年：零)元，由曾勝、曾雲樞及君勝控股共同擔保。

截至2021年12月31日，銀行借款人民幣98,200,000元(2020年：零)由曾勝、曾雲樞及瑞信海德集團共同擔保。

截至2021年12月31日，銀行借款人民幣64,862,280元(2020年：人民幣85,202,280元)由王再興、王顯玉共同擔保。

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24 BANK LOANS AND OTHER BORROWINGS (Cont'd)

- (c) Bank loans and other borrowings bear interest at a weighted average rate of 5.96% per annum for the year ended 31 December 2021 (2020: 8.10% per annum), and are secured by the following assets:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Completed properties held for sale	待售已完工物業	464,158	-
Properties held for and under development for sale	待售未來待開發物業	4,752,322	1,523,348
Investment properties (note 11(b))	投資物業(附註11(b))	1,150,900	1,147,500
Property, plant and equipment (note 10)	物業、廠房及設備(附註10)	359,293	337,035
		6,726,673	3,007,883

24 銀行貸款及其他借貸(續)

- (c) 截至2021年12月31日止年度的銀行貸款及其他借款按加權平均年利率5.96%(2020年：年利率8.10%)計息，並以下列資產作抵押：

25 SENIOR NOTES

25 優先票據

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Current	流動		
US\$75 million senior notes due in 2022 (ii)	2022年到期的75百萬美元 優先票據(ii)	468,614	-
US\$293.5 million senior notes due in 2021 (iii)	2021年到期的293.5百萬美元 優先票據(iii)		
- Tranche 1	- 第一期	-	1,257,105
- Tranche 2	- 第二期	-	325,693
- Tranche 3	- 第三期	-	84,555
- Tranche 4	- 第四期	-	153,171
		-	1,820,524
		468,614	1,820,524
Non-current	非流動		
US\$303.62 million senior notes due in 2023	2023年到期的303.62百萬美元 優先票據		
- Tranche 1 (iii)	- 第一期(iii)	1,705,210	-
- Tranche 2 (iv)	- 第二期(iv)	172,638	-
		1,877,848	-
		2,346,462	1,820,524

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25 SENIOR NOTES (Cont'd)

Notes:

- (i) On 27 January 2021, the Company issued additional senior notes with an aggregate principal amount of US\$13,500,000 (equivalent to RMB87,394,000), which are consolidated and formed a single class with the 14% senior notes issued by the Company on 19 December 2019, 6 January 2020, 30 October 2020 and 25 November 2020. The net proceeds from the additional senior notes, after including interest in arrear and deducting the transaction costs, of US\$13,966,000 (equivalent to RMB90,378,000) was received by the Company on 1 February 2021. Interest expense on the additional senior notes is calculated using the effective interest rate of 14.88% per annum.

The amount was redeemed on maturity on 19 December 2021.

- (ii) On 25 May 2021, the Company issued a senior note of US\$75,000,000 (equivalent to RMB483,480,000) at par with a coupon rate of 12% per annum. The senior note will be due in May 2022. The net proceeds from the senior note, after deducting the transaction costs, of US\$73,500,000 (equivalent to RMB473,810,000) was received by the Company on 26 May 2021. Interest expense on the senior note is calculated using the effective interest rate of 13.2% per annum.

- (iii) On 23 September 2021, the Company offered its 13.85% senior notes due December 2023 (the "2023 Senior Notes") to exchange for 14% senior notes due December 2021 (the "2021 Senior Notes"). US\$235,720,000 of the 2021 Senior Notes were successfully exchanged. Concurrently with the exchange offer, the Company made a new issue of US\$41,500,000 of additional 2023 Senior Notes, which, together with the US\$235,720,000 of the 2023 Senior Notes issued pursuant to the exchange offer, constitute an aggregate principal amount of US\$277,220,000, 13.85% 2023 Senior Notes. The exchange offer and the concurrent new issue were completed on 12 October 2021, and the net proceeds from the new issuance, after deducting the transaction costs, of US\$41,384,000 (equivalent to RMB261,786,000) was received by the Company on 12 October 2021. Interest expense on the 2023 Senior Notes is calculated using effective interest rate of 15.15% per annum after considering the transaction costs for the exchange offer and new issuance.

The Company had redeemed all the 2021 Senior Notes unexchanged on maturity on 19 December 2021.

- (iv) On 15 December 2021, the Company issued additional 2023 Senior Note of US\$26,400,000 (equivalent to RMB168,210,000), which are consolidated and formed a single class with the 13.85% 2023 Senior Notes issued by the Company on 12 October 2021. The net proceeds from the additional 2023 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$27,078,000 (equivalent to RMB171,943,000) was received by the Company on 15 December 2021. Interest expense on the additional 2023 Senior Notes is calculated using the effective interest rate of 15.01% per annum.

25 優先票據(續)

附註：

- (i) 於2021年1月27日，本公司發行13,500,000美元(折合人民幣87,394,000元)的額外2021年優先票據，這些票據與本公司於2019年12月19日、2020年1月6日、2020年10月30日及2020年11月25日發行的14%的2021年優先票據合併成一個類別。本公司於2021年2月1日收到優先票據扣除交易費用後的淨收益1,396.6萬美元(折合人民幣9,037.8萬元)優先票據的利息開支按實際年利率14.88%計算。

該款項已於2021年12月19日到期贖回。

- (ii) 於2021年5月25日，本公司發行75,000,000美元(折合人民幣483,480,000元)的優先票據，票面年利率為12%。該優先票據將於2022年5月到期。本公司於2021年5月26日收到優先票據扣除交易費用後的淨收益73,500,000美元(折合人民幣473,810,000元)。優先票據的利息開支按實際年利率13.2%計算。

- (iii) 於2021年9月23日，本公司以交換要約的形式向14%的2021優先票據現有持有人交換其2023年12月到期的13.85%的優先票據。2021年優先票據的235,720,000美元(約80.3%)已成功兌換。在交換要約的同時，公司新發行了41,500,000美元的額外2023年優先票據，連同根據交換要約發行的235,720,000美元的2023年優先票據，13.85%到期的2023年優先票據(「2023年優先票據」)總額為277,220,000美元，換股要約及增發已於2021年10月12日完成。本公司於2021年10月12日收到優先票據扣除交易費用後的淨收益41,384,000美元(折合人民幣261,786,000元)。2023年優先票據的利息開支在考慮了交換要約和新發行票據的交易成本後按實際年利率15.15%計算。

本公司已於2021年12月19日贖回所有到期未交換的2021年優先票據。

- (iv) 2021年12月15日，本公司增發26,400,000美元(折合人民幣168,210,000元)的2023年優先票據，與本公司於2021年10月12日發行的13.85%的2023年優先票據合併為單一類別。所得款項淨額公司於2021年12月15日從追加的2023年優先票據中計入欠款利息並扣除交易費用後為27,078,000美元(折合人民幣171,943,000元)。追加的2023年優先票據的利息費用按以下公式計算：實際年利率為15.01%。

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26 AMOUNTS DUE TO CONTROLLING SHAREHOLDERS

As at 31 December 2021, amounts due to controlling shareholders are unsecured, interest-free and have no fixed repayment terms.

26 應付控股股東款項

截至2021年12月31日，應付給控股股東款項為無擔保、無息、可償還，無固定還款期限。

27 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods:

27 租賃負債

下表顯示了本年度和以前年度報告期的期末集團租賃負債的剩餘合同到期日：

		2021		2020	
		Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
		最低租賃付款額現值	總計最低租賃付款額	最低租賃付款額現值	總計最低租賃付款額
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Within 1 year	一年內	8,473	10,400	10,562	11,012
After 1 year but within 2 years	一年後但兩年以內	8,070	9,983	7,538	8,380
After 2 years but within 5 years	兩年後但五年以內	19,252	24,344	19,483	25,987
After 5 years	五年後	-	-	2,525	2,636
		27,322	34,327	29,546	37,003
		35,795	44,727	40,108	48,015
Less: total future interest expenses	減：總計未來利息費用		(8,932)		(7,907)
Present value of lease liabilities	租賃負債現值		35,795		40,108

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28 DEFERRED INCOME

28 遞延收入

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
At 1 January	於1月1日	349,119	479,160
Movement during the year	年內變動		
– Government grants received (i)	– 已收政府補助(i)	76,780	168,715
– Utilisation	– 已使用	(143,053)	(294,485)
– Recognised in other income related to investment properties	– 與投資物業相關部分確認至其他收入	–	(4,271)
– Disposal of subsidiaries (note 21(f))	出售子公司(附註21(f))	(23,578)	–
At 31 December	於12月31日	259,268	349,119

Notes:

- (i) Pursuant to the respective agreements between the Group and local governments, such grants are for subsidising the infrastructure construction of certain projects undertaken by certain subsidiaries of the Group, including Yantai Trade Center, Jining Logistics Center, Heze Industrial, Mianyang Trade Center, Wuzhou Trade Center, Lanzhou Trade Center, Ganzhou Trade Center, Heze Trade Center and Yulin Trade Center.

附註：

- (i) 根據本集團與當地政府簽訂的有關協議，該等補助是為補貼本集團的某些子公司所承建若干項目的基礎設施建設，包括煙台商貿中心，濟寧物流中心，菏澤實業，綿陽商貿中心，梧州商貿中心和蘭州商貿中心，贛州商貿中心，菏澤商貿中心及玉林商貿中心。

29 OTHER CURRENT LIABILITIES

Other current liabilities represent discounted bills which are pledged by cash deposit of the Group (see note 20) and expired within one year.

29 其他流動負債

其他流動負債指以本集團現金存款(見附註20)質押並在一年內到期的貼現票據。

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30 OTHER FINANCIAL LIABILITIES

30 其他金融負債

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Financial liabilities measured at amortised cost (i)	以攤餘成本計量的金融負債(i)		
– amount due to a non-controlling interest	– 應付非控股權益的金額	863,535	–
Financial liabilities measured at FVTPL (ii)	以計量的金融負債(ii)		
– Estimated compensation payable	– 估計應付賠償	84,184	78,333
		947,719	78,333

Notes:

- (i) As at 31 December 2021, the amount due to a non-controlling interest with an aggregate principal amount of SGD186,206,000 (equivalent to RMB863,535,000) is jointly guaranteed by the Company and two subsidiaries of the Group, interest-bearing from 12% to 15% and is repayable after one year.
- (ii) The Group estimated the compensation payable for additional land costs and relevant future tax expenses to be incurred to a previously wholly owned subsidiary, which was disposed to Beijing Sunac, currently a jointly venture of the Group, in 2019 (see note 13).

附註：

- (i) 截至2021年12月31日，本金總額為186,206,000新元(折合人民幣863,535,000元)的非控股權益款項為由本公司和集團內兩家附屬公司聯合擔保、計息率為12%至15%且償還期在一年以上的款項。
- (ii) 本集團於2019年出售給原全資子公司(現為合營公司(見附註13))給北京融創預計了應付土地價付款和相關未來稅費成本。

31 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The Group operates a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans ranging from 10% to 20% of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member’s retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

Due to the impact of an outbreak of COVID-19, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which contributed to the relief of certain cost of defined contribution scheme during the year ended 31 December 2020.

For the year ended 31 December 2021, there is no forfeited contribution under the retirement schemes and Pension Scheme which may be used by the Group to reduce the contribution payable in future years.

31 僱員退休福利

定額供款退休計劃

本集團按照香港強制性公積金計劃條例的規定為根據香港僱傭條例管轄範圍受僱的僱員設立一項強制性公積金計劃（「強積金計劃」）。強積金計劃是由獨立信託人管理的定額供款退休計劃。根據強積金計劃，僱主及僱員均須按照僱員相關收入的5%向計劃供款，惟每月相關收入上限為30,000港元。此計劃的供款即時歸屬。

中國法規規定，本集團須為其僱員參與省市政府所組織的各種定額供款退休計劃。本集團須按僱員工資、花紅及若干津貼的10%至20%向退休計劃供款。參加計劃的員工有權獲得相當於按其退休時工資的固定比率計算的退休金。除上述年度供款外，本集團毋須就與此等計劃相關的退休金福利承擔其他重大付款責任。

由於新型冠狀病毒爆發的影響，政府自2020年2月起頒佈了包括多項社會保險減免政策，以加快恢復經濟活動，導致2020年減少定額供款退休計劃部分成本。

於2021年，退休金供款及企業年金計劃下均無被沒收的供款可供本集團用於減少未來年度應付的供款。

32 EQUITY SETTLED SHARE-BASED PAYMENTS

On 12 June 2020, the Group offered to grant share options to subscribe for a total of 175,400,000 shares of HK\$0.01 each in the capital of the Company to 5 directors and certain eligible employees. Based on the acceptance confirmation signed by grantees, 164,200,000 share options were accepted for nil consideration. Each option gives the holder the right to subscribe for one ordinary share of the Company and is settled gross in shares. The exercise price is HK\$0.5 per share.

On 7 December 2020, the Group offered to grant share options to subscribe for a total of 54,000,000 shares of HK\$0.01 each in the capital of the Company to 43 certain eligible employees. Based on the acceptance confirmation signed by grantees, 54,000,000 share options were accepted for nil consideration. Each option gives the holder the right to subscribe for one ordinary share of the Company and is settled gross in shares. The exercise price is HK\$0.5 per share.

(i) The terms and conditions of the options granted are as follows:

32 股權結算以股份為基礎的交易

於2020年6月12日，本集團根據購股權計劃向五名董事及若干符合資格的員工要約授出購股權，購股權可認購本公司股本中合共175,400,000股每股面值為0.01港元的股份。根據被授予對象簽署的接納確認函，164,200,000份無對價購股權獲接納。每份購股權都賦予持有人認購一股公司普通股的權利，並以股票總額結算。行權價為每股港幣0.5元。

於2020年12月7日，本集團根據購股權計劃向四十三名符合資格的員工要約授出購股權，購股權可認購本公司股本中合共54,000,000股每股面值為0.01港元的股份。根據被授予對象簽署的接納確認函，54,000,000份無對價購股權獲接納。每份購股權都賦予持有人認購一股公司普通股的權利，並以股票總額結算。行權價為每股港幣0.5元。

(i) 所授予購股權的條款和條件如下：

		Number of instruments 工具數量	
Options granted on 12 June 2020		於2020年6月12日授予購股權數量	
– directors		– 董事	
		42,700,000	
– employees		– 員工	
		132,700,000	
Vesting date		Percentage of vested shares 既定股份百分比	Contractual life of options 購股權合同期限
到期日			
1 April 2021	2021年4月1日	30%	12 months
1 April 2022	2022年4月1日	30%	24 months
1 April 2023	2023年4月1日	40%	36 months

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(除另有指明外，均以人民幣列示)

32 EQUITY SETTLED SHARE-BASED PAYMENTS (Cont'd)

- (i) The terms and conditions of the options granted are as follows:
(Cont'd)

		Number of instruments 工具數量	
Options granted on 12 June 2020 – employees	於2020年12月7日授予購股權數量 – 員工	54,000,000	
Vesting date 到期日		Percentage of vested shares 既定股份 百分比	Contractual life of options 購股權 合同期限
1 April 2021	2021年4月1日	30%	6 months
1 April 2022	2022年4月1日	30%	18 months
1 April 2023	2023年4月1日	40%	30 months

32 以權益結算的股份交易(續)

- (i) 所授予購股權的條款和條件如下：(續)

- (ii) The number and the average exercise price of share option are
as follows:

- (ii) 購股權的數目及加權平均行使價如下：

		Average exercise price 加權平均行使價	Number of share options 購股權數目	
			2021	2020
Outstanding at 1 January	於1月1日未行使		202,400,000	229,400,000
Granted	授予	HK\$0.5	–	–
Lapsed	期內失效	HK\$0.5	(79,200,000)	(27,000,000)
Outstanding at 31 December	於12月31日未行使	HK\$0.5	123,200,000	202,400,000
Exercisable at 31 December	於12月31日可行使	HK\$0.5	123,200,000	202,400,000

No options were exercised during the year ended 31 December
2021 and 2020.

2021年12月31日及2020年12月31日，沒有任
何購股權被行使。

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33 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company		Share capital	Share premium	Capital redemption reserve	Capital reserve	Equity settled share-based payment reserve	Exchange reserve	Accumulated losses	Total equity
本公司		股本	股本溢價	贖回儲備	資本儲備	為基礎儲備	匯兌儲備	累計虧損	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		33(c)	33(d)(i)	33(c)	33(d)(v)	33(d)(iv)	33(d)(iii)		
Balance at 1 January 2020	於2020年1月1日	31,825	978,266	120	1,386,109	-	142,198	(942,747)	1,595,771
Changes in equity for 2020:	2020年權益變動：								
Issuance of shares	發行股份	4,773	210,010	-	-	-	-	-	214,783
Loss and total comprehensive income for the year	年內虧損及全面收入總額	-	-	-	-	-	(27,485)	(274,332)	(301,817)
Equity settled share-based transactions	以股權結算的股份支付交易	-	-	-	-	8,666	-	-	8,666
At 31 December 2020 and 1 January 2021	於2020年12月31日及2021年1月1日	36,598	1,188,276	120	1,386,109	8,666	114,713	(1,217,079)	1,517,403
Changes in equity for 2021:	2021年權益變動：								
Loss and total comprehensive income for the year	年內虧損及全面收入總額	-	-	-	-	-	42,215	(349,224)	(307,009)
Equity settled share-based transactions	以股權結算的股份支付交易	-	-	-	-	11,619	-	-	11,619
Balance at 31 December 2021	於2021年12月31日	36,598	1,188,276	120	1,386,109	20,285	156,928	(1,566,303)	1,222,013

33 股本、儲備及股息

(a) 權益組成部分的變動

本集團合併權益各組成部分的年初與年終結餘的對賬載於合併權益變動表。本公司權益個別組成部分於年初至年末的變動詳情載列如下：

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33 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(b) Dividends

For the year ended 31 December 2021, no final dividend in respect of the previous financial year was approved and paid (2020: Nil).

The directors did not propose the payment of any final dividend subsequent to year end.

(c) Share capital

Authorised and issued share capital:

		2021		2020	
		No. of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元	No. of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
Authorised:	法定：				
Ordinary shares of HK\$0.01 each	每股面值0.01港元的 普通股	8,000,000	80,000	8,000,000	80,000

Ordinary shares, issued and fully paid:

已發行及繳足普通股：

		Par value	Number of	Nominal value of	
		面值 HK\$ 港元	shares 股份數目 '000 千股	ordinary shares 普通股面值 HK\$'000 千港元	RMB'000 人民幣千元
At 1 January and 31 December 2021	於2021年1月1日及 12月31日	0.01	4,537,354	45,373	36,598

33 股本、儲備及股息(續)

(b) 股息

截至2021年12月31日止年度，概無批准及派付的上個財政年度的末期股息(2020年：零)。

於報告期末後擬不派末期股息。

(c) 股本

法定及已發行股本：

33 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(d) Reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) PRC statutory reserve

Pursuant to the Articles of Association of the Group's PRC subsidiaries and relevant statutory regulations, appropriations to the statutory reserve fund were made at 10% of profit after tax determined in accordance with accounting rules and regulations of the PRC until the reserve balance reaches 50% of the registered capital. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the PRC subsidiaries provided that the balance after such conversion is not less than 25% of their registered capital, and is non-distributable other than in liquidation.

(iii) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than Renminbi. The reserve is dealt with in accordance with the accounting policy set out in note 1(x).

(iv) Equity settled share-based payment reserve

Equity settled share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group in accordance with the accounting policy adopted for share-based payments in note 1(t)(ii).

33 股本、儲備及股息(續)

(d) 儲備

(i) 股份溢價

根據開曼群島公司法，本公司股份溢價賬可用於向股東支付分派或股息，惟須確保緊隨建議支付分派或股息日期後，本公司有能力支付日常業務過程中的到期債務。

(ii) 中國法定儲備

根據本集團中國子公司的組織章程細則及有關法定法規，須以按中國會計規則及法規釐定的除稅後利潤的10%向法定儲備金撥款，直至儲備結餘達到註冊資本的50%。該儲備金可用於抵銷中國子公司的累計虧損或增資，惟轉換後儲備金結餘不少於註冊資本的25%，且除於清盤時，不可用於分派。

(iii) 匯兌儲備

匯兌儲備包括因換算非人民幣的功能貨幣經營財務報表而產生的所有相關匯兌差額。該儲備按附註1(x)所載的會計政策處理。

(iv) 以權益結算以股份支付為基礎儲備

以權益結算以股份支付為基礎儲備指按附註1(t)(ii)所述根據就以股份付款採納的會計政策計算授予本集團僱員的未行使購股權實際或估計數目的公允值。

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33 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(d) Reserves (Cont'd)

(v) Capital reserve

Capital reserve is resulted from transactions with owners in their capacity as the equity owners. The balance comprises capital reserve surplus/deficit arising from the difference between the disposal/acquisition consideration and its net assets value at the respective date of disposal/acquisition, and the capital reserve transferring from the equity settled share-based payment reserve.

(vi) Reserve-transaction with non-controlling interests

The balance represents difference between the net identifiable assets and the consideration paid for acquisition of non-controlling interests.

(e) Distributability of reserves

As at 31 December 2021, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately RMB1,185,415,000 (2020: RMB1,480,805,000), which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its property development projects, provide returns for shareholders and benefits for other stakeholders, by pricing properties commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

33 股本、儲備及股息(續)

(d) 儲備(續)

(v) 資本儲備

資本儲備來自與擁有人以其權益擁有人身份進行的交易。結餘包括出售/收購對價與相關出售/收購日期資產淨值的差額所產生資本儲備盈餘/虧絀，以及轉撥自以權益結算以股份支付為基礎儲備的資本儲備。

(vi) 儲備—與非控股權益的交易

結餘指可識別資產淨值與已付收購非控股權益之對價的差額。

(e) 可分派儲備

於2021年12月31日，根據開曼群島公司法計算的本公司可供分派儲備約為人民幣1,185,415,000元(2020年：人民幣1,480,805,000元)，該等儲備可作分派，惟緊隨建議派發股息日期後，本公司有能力償還日常業務過程中的到期債務。

(f) 資本管理

本集團管理資本的主要目標為保障本集團持續經營的能力，以向其物業開發項目提供資金，以及藉著與風險水平及以合理成本取得融資掛鉤的方式為物業定價而為股東及其他利益相關者提供回報及利益。

本集團積極定期審核及管理其資本架構，以維持與高借貸水平可能有關的較高股東回報與穩健資本狀況帶來的優勢及擔保之間的平衡，並根據經濟狀況的變動調整資本架構。

33 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(f) Capital management (Cont'd)

The Group monitors its capital structure on the basis of gearing ratio. The Group defines this ratio as interest-bearing liabilities (including bank loans and other borrowings, senior notes and other financial liabilities) divided by total assets of the Group. At 31 December 2021, the gearing ratio of the Group was calculated as follows:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Bank loans and other borrowings	銀行貸款及其他借貸	3,271,323	1,310,259
Senior notes	優先票據	2,346,462	1,820,524
Other financial liabilities	其他流動負債	863,535	-
Total interest-bearing liabilities	計息借款	6,481,320	3,130,783
Total assets	總資產	23,872,965	18,977,001
Gearing ratio	資產負債比率	27.1%	16.5%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

33 股本、儲備及股息(續)

(f) 資本管理(續)

本集團根據資產負債比率監察其資本結構。本集團界定此比率為總計息負債(包括貿易及其他應付款、銀行貸款及其他借貸、優先票據及其他金融負債)除以本集團資產總值。於2021年12月31日，本集團之資產負債比率如下：

本公司或其任何子公司概不受外部施加的資本規定所限。

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34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate, currency risks and equity price risk arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and other financial assets. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis. The Group's exposure to credit risk financial institutions, for which the Group considers to have low credit risk.

Except for the financial guarantees given by the Group as set out in note 36, the Group does not provide any other guarantees which would expose the group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 36.

34 金融風險管理及公允值

本集團於一般業務過程中面對信貸、流動性、利率、貨幣風險及權益投資價格風險。本集團亦面對持有其他實體的股權投資產生的股價風險。

本集團面對之風險及本集團為管理該等風險而採用之財務風險管理政策及慣例載述如下：

(a) 信用風險

信用風險指對手方將違反其合約義務而導致本集團產生財務虧損。本集團信貸風險主要歸因於貿易及其他應收款項。本集團設有明確的信用政策，並持續監察該等信用風險。因對手方為本集團視為信用風險較低的銀行及金融機構，故本集團現金及現金等價物產生的信用風險有限。本集團認為披露的對於信用風險敞口的金融機構信用風險較低。

除附註36所載本集團作出的財務擔保外，本集團並無給予任何其他擔保致使本集團將面臨信用風險。於報告期末該等財務擔保的最大信用風險於附註36中披露。

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and other receivables and other financial assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 75% (2020: 84%) of the total trade receivables was due from a customer which is a government authority with good credibility. Although the aging of that related trade receivable is past due over one year, the Group considers that the credit risk is low. Normally, the Group does not obtain collateral from customers but the Group only assists the buyer to obtain the individual property ownership certificate upon the full settlement of receivables from the buyer.

In respect of loans to third parties and other debtors, regular review and follow-up actions are carried out on long-aged other receivables and any default incurred, which enable management to assess their recoverability and to minimise exposure to credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

The Group measures loss allowances for trade and other receivables and loans to the third parties included in other non-current assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

34 金融風險管理及公允值(續)

(a) 信用風險(續)

貿易應收款項及其他應收款項

本集團蒙受信用風險的程度主要受各客戶而非客戶營業所在行業或國家的個別特性影響，故信用風險高度集中主要在本集團蒙受重大個別客戶風險時發生。於報告期末，貿易應收款項總額的75% (2020年：84%)為應收2018年的客戶的款項，該客戶是一個有良好信譽的政府機構。儘管相關應收款項的賬齡已經超過一年，該集團認為該信用風險低。一般而言，本集團不會向客戶收取抵押品，但是，只有在買方完全付清房款後本集團才協助買方獲得個人房屋產權所有證。

就向第三方貸款及其他應收款項而言，我們已對賬齡較長的其他應收款項進行定期審閱及採取跟進措施，倘發生任何拖欠現象，這將使管理層評估彼等的可收回性並盡量將信用風險敞口降至最低。最大信用風險敞口由綜合財務狀況表中的各項金融資產的賬面值表示。

本集團按相當於全期預期信用虧損的金額(用撥備矩陣計算)來計量貿易以及包含在其他非流動資產中應收第三方貸款的虧損撥備。

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34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and other receivables and other financial assets (Cont'd)

The following table provides information about the Group's exposure to credit risk and ECLs for trade and other receivables and loans to the third parties as at 31 December 2021:

		2021		
		Expected loss rate	Gross carrying amount	Loss allowance
		預期虧損率	賬面總值	虧損撥備
		%	RMB'000	RMB'000
		%	人民幣千元	人民幣千元
Current (not past due) or past due within 90 days for	即期(未逾期)或逾期不超過90日			
- trade receivables	- 貿易應收款項	0.52%	14,885	(77)
- other receivables	- 其他應收款項	3.09%	1,656,469	(51,259)
- finance lease receivables	- 融資租賃應收款項	4.67%	18,471	(862)
- amounts due from joint ventures	- 應收合營企業款項	-	58,982	-
More than 90 days past due	逾期超過90日			
- trade receivables	- 貿易應收款項	4.59%	279,786	(12,845)
- other receivables	- 其他應收款項	100.00%	11,125	(11,125)
- finance lease receivables	- 融資租賃應收款項	100.00%	11,220	(11,220)
- amount due from Thailand Joint Ventures (note 13)	- 應收泰國合營企業款項(附註13)	100.00%	19,613	(19,613)
			2,070,551	(107,001)

34 金融風險管理及公允值(續)

(a) 信用風險(續)

貿易應收款項及其他應收款項(續)

下表載列於2021年12月31日本集團所面臨信用風險敞口以及貿易應收款項及其他應收款項預期信用虧損的資料：

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34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and other receivables and other financial assets (Cont'd)

34 金融風險管理及公允值(續)

(a) 信用風險(續)

貿易應收款項及其他應收款項(續)

		2020		
		Expected loss rate	Gross carrying amount	Loss allowance
		預期虧損率	賬面總值	虧損撥備
		%	RMB'000	RMB'000
		%	人民幣千元	人民幣千元
Current (not past due) or past due within 90 days for	即期(未逾期)或逾期不超過90日			
- trade receivables	- 貿易應收款項	-	28,247	-
- other receivables	- 其他應收款項	5.66%	609,104	(34,499)
- finance lease receivables	- 融資租賃應收款項	3.36%	31,420	(1,055)
- amounts due from joint ventures	- 應收合營企業款項	-	43,224	-
More than 90 days past due	逾期超過90日			
- trade receivables	- 貿易應收款項	4.15%	216,664	(8,994)
- other receivables	- 其他應收款項	100.00%	20,626	(20,626)
- finance lease receivables	- 融資租賃應收款項	100.00%	11,220	(11,220)
- amount due from Thailand Joint Ventures (note 13)	- 應收泰國合營企業款項(附註13)	100.00%	19,613	(19,613)
			980,118	(96,007)

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34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and other receivables and other financial assets (Cont'd)

Except for the specified expected loss, other expected loss rates are based on historical experience and adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade and other receivables and finance lease receivables during the year is as follows:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Balance at 1 January	於1月1日的結餘	96,007	67,898
Reversal during the year	年內轉回	(14,921)	(1,363)
Impairment losses recognised during the year	年內確認的減值虧損	26,994	29,472
Decrease on disposal of a subsidiary	出售子公司減少	(1,079)	-
Balance at 31 December	於12月31日的結餘	107,001	96,007

(b) Liquidity risk

The Group management reviews the liquidity position of the Group on an ongoing basis, including review of the expected cash inflows and outflows, sale/pre-sale results of respective property projects, maturity of loans and borrowings and the progress of the planned property development projects in order to monitor the Group's liquidity requirements in the short and longer terms. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The directors have taken into account the forecasts of operating performance, as well as the ability of the Group to obtain and renew bank loans and the financial support from shareholders in assessing the sufficiency of liquidity requirements in the foreseeable future.

34 金融風險管理及公允值(續)

(a) 信用風險(續)

貿易應收款項及其他應收款項(續)

除特定預期虧損外，其他預期虧損率按過往歷史經驗計算並且為反映期內(往績數據已在期間收集)經濟狀況差異、目前狀況及本集團對應收款項預期存續期的經濟狀況之意見，而加以調整。

年內貿易應收款項及其他應收款項的虧損撥備賬變動如下：

(b) 流動性風險

本集團管理層持續審核本集團的流動性狀況，包括審核預計現金流入及流出、各物業項目的銷售/預售業績、貸款及借貸到期情況以及計劃物業開發項目的進度，以監控本集團的短期及長期流動性需求。本集團的政策是定期監控流動性需求及有否遵守借貸契約，以確保備有足夠的現金儲備，及向主要金融機構取得充足的已承諾資金，以應付長短期流動性需求。董事在評估可預見的未來流動資金需求是否充足時，已考慮經營業績的預測，以及本集團取得及更新銀行貸款的能力以及股東的財務支持。

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34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(b) Liquidity risk (Cont'd)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities excluding receipts in advance, which the Group expects to provide rental services in the future. The contractual maturities are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

		2021				Total	Carrying amount
		Contractual undiscounted cash outflow					
		合約未貼現現金流出				Total	Carrying amount
		Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years		
		一年內或按 要求	超過一年 但少於兩年	超過兩年 但少於五年	超過五年	總計	賬面值
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Bank loans and other borrowings	銀行貸款及其他借貸	676,281	926,268	1,753,817	441,899	3,798,265	3,271,323
Lease liabilities	租賃負債	10,131	9,985	26,057	2,636	48,809	35,795
Trade and other payables	貿易及其他應付款項	4,312,105	253,767	9,205	-	4,575,077	4,554,277
Amounts due to controlling shareholders	應付控股股東款項	1,027,468	-	-	-	1,027,468	1,027,468
Senior notes	優先票據	511,650	2,443,935	-	-	2,955,585	2,346,462
Other current liabilities	其他流動負債	608,845	-	-	-	608,845	576,558
Other financial liabilities	其他金融負債	128,012	133,605	907,826	-	1,169,443	947,719
		7,274,492	3,767,560	2,696,905	444,535	14,183,492	12,759,602

34 金融風險管理及公允值(續)

(b) 流動性風險(續)

下表載列本集團金融負債(不包括本集團預期交付已完工物業結算的預收款項)於各報告期末的餘下合約期限。合約期限是根據合約未貼現現金流量(包括以合約利率或(倘浮動)各報告期末現行的利率估算的利息付款)以及本集團需要還款的最早日期計算：

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34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(b) Liquidity risk (Cont'd)

		2020				Total	Carrying amount
		Contractual undiscounted cash outflow					
		Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years		
		一年內或按 要求	超過一年 但少於兩年	超過兩年 但少於五年	超過五年	總計	賬面值
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Bank loans and other borrowings	銀行貸款及其他借貸	574,521	387,525	371,013	264,311	1,597,370	1,310,259
Lease liabilities	租賃負債	11,012	8,380	25,987	2,636	48,015	40,108
Trade and other payables	貿易及其他應付款項	3,598,438	316,296	-	-	3,914,734	3,914,734
Amounts due to controlling shareholders	應付控股股東款項	867,000	-	-	-	867,000	867,000
Senior notes	優先票據	1,994,368	-	-	-	1,994,368	1,820,524
Other current liabilities	其他流動負債	300,000	-	-	-	300,000	300,000
		7,345,339	712,201	397,000	266,947	8,721,487	8,252,625

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash and cash equivalents, pledged and restricted cash and borrowings issued at variable rates.

34 金融風險管理及公允值(續)

(b) 流動性風險(續)

(c) 利率風險

利率風險是指金融工具的公允值或未來現金流量因市場利率變動而波動的風險。本集團利率風險主要來自現金及現金等值物、已抵押及受限制現金及浮動利率借款。

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34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(c) Interest rate risk (Cont'd)

The Group does not anticipate significant impact on cash and cash equivalents and the pledged deposits because the interest rates of bank deposits are not expected to change significantly. The Group does not carry out any hedging activities to manage its interest rate exposure.

(i) Interest rate profile

34 金融風險管理及公允值(續)

(c) 利率風險(續)

本集團預期現金及現金等值物及已抵押存款不會受重大影響，因為預期銀行存款利率不會有重大變動。

(i) 利率情況

		2021		2020	
		Effective Interest rate 實際利率	RMB'000 人民幣千元	Effective Interest rate 實際利率	RMB'000 人民幣千元
		%		%	
		%		%	
Fixed rate liabilities:	固定利率借貸：				
Lease liabilities	租賃負債	8.76%	35,795	8.03%	40,108
Bank loans and other borrowings	銀行貸款及其他借貸	8.22%	882,060	7.10%	739,043
Senior notes	優先票據	15.01%– 15.15%	2,346,462	14.41%	1,820,524
Other payables	其他應付款項	8.31%	124,400	10%	77,075
Other current liabilities	其他流動負債	5.6%	576,558	4.46%	300,000
Other financial liabilities	其他金融負債	15%	863,535	–	–
			4,828,810		2,976,750
Variable rate liabilities:	浮動利率借貸：				
Bank loans and other borrowings	銀行貸款及其他借貸	5.13%	2,389,263	7.27%	571,216
			7,218,073		3,547,966
Net fixed rate borrowings as a percentage of total interest-bearing liabilities	固定利率借貸淨額 佔總有息借貸的 百分比		67%		84%

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34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(c) Interest rate risk (Cont'd)

(ii) Sensitivity analysis

At 31 December 2021, it is estimated that a general increase/decrease of 50 basis points (2020: 50 basis points) in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax and increased/decreased total equity attributable to equity shareholders of the Company by approximately RMB8,960,000 (2020: decreased/increased the Group's profit after tax and total equity attributable to equity shareholders of the Company by approximately RMB2,142,000), which has not taken into account of effect of interest capitalisation.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2020.

34 金融風險管理及公允值(續)

(c) 利率風險(續)

(ii) 敏感度分析

於2021年12月31日，在其他所有變量保持不變的情況下，倘利率整體上升／下降50個基點(2020年：50個基點)，在並無計及利息資本化的影響下，估計會增加／減少本集團的除稅後利潤及本公司權益股東應佔總權益將增加／減少約人民幣8,960,000元(2020年：本集團的除稅後虧損及本公司權益股東應佔總權益減少／增加約人民幣2,142,000元)。

上述敏感度分析顯示本集團的除稅後虧損(及保留利潤)以及合併權益的其他部分可能產生的即時變動。敏感度分析假設利率變動於報告期末已發生，並已用於重新計量本集團所持有並於報告期末使本集團面對公允值利率風險的金融工具。關於本集團於報告期末持有的浮動利率非衍生工具產生的現金流量利率風險，對本集團的除稅後虧損(及保留利潤)以及合併權益的其他組成部分的影響，以該利率變動對利息支出或收入的年度影響估計。有關分析乃按2020年的相同基準作出。

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(d) Currency risk

The Group is exposed to foreign currency risk primarily on bank deposits and senior notes to which the transactions relate. The currencies giving rise to this risk are primarily US dollars and Hong Kong dollars. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. It will affect the exchange reserve of the Company's financial statements resulted from the translation of the financial statements of foreign operations into the Group's presentation currency.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments held for non-trading purposes classified as financial assets measured at FVTPL (see note 17).

The Group's unquoted investments are held for long term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plan.

34 金融風險管理及公允值(續)

(d) 貨幣風險

本集團面對外幣風險，主要來自與交易有關的銀行存款和優先票據。引致有關風險的貨幣主要為美元及港元。此情況下，假定美元對其他貨幣的匯率浮動不會對港元與美元之間的聯繫匯率產生重大影響，這將影響公司財務報表的外匯儲備，由於將海外業務的財務報表換算為本集團呈列貨幣所產生的差額。

(e) 權益投資價格風險

本集團面對為非貿易持有按允值計量且其變動計入當期損益的金融資產的權益投資產生的價格變動風險(見附註17)。

本集團的未報價投資是持作長期策略用途。本集團會根據就同類上市實體表現可得的有限資料而對該等投資表現至少每兩年評估一次，連同評估彼等與本集團長期策略計劃的相關性。

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(除另有指明外，均以人民幣列示)

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(f) Fair value measurement

(i) Financial instruments measured at fair value

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: 第一級估值：	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date 僅使用第一級數據計量的公允值，即於計量日期在活躍市場對相同資產或負債未經調整的報價
Level 2 valuations: 第二級估值：	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available 使用第二級數據計量的公允值，即不符合第一級的可觀察數據及未有採用不可觀察的重要數據。不可觀察數據乃指無法取得市場資料的數據
Level 3 valuations: 第三級估值：	Fair value measured using significant unobservable inputs 使用不可觀察的重要數據計量的公允值

34 金融風險管理及公允值(續)

(f) 公允值計量

(i) 按公允值計量的金融工具

下表呈列於報告期末以經常性準則計量的金融工具公允值，並按國際財務報告準則第13號，公允值計量所界定分類為三個公允值級別。公允值計量是參考以下估值方法所使用的輸入數據可觀察性及重要性而分類及釐定其級別：

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34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(f) Fair value measurement (Cont'd)

(i) Financial instruments measured at fair value (Cont'd)

	Note 附註	Fair value at 31 December 2021 於2021年 12月31日 的公允值	Fair value measurements as at 31 December 2021 categorised into 於2021年12月31日 分類為以下級別的公允值計量		Fair value at 31 December 2020 於2020年 12月31日 的公允值	Fair value measurements as at 31 December 2020 categorised into 於2020年12月31日 分類為以下級別的公允值計量	
		RMB'000 人民幣千元	Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元	RMB'000 人民幣千元	Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元
Recurring fair value measurements							
Financial assets:							
- Wealth management products		10	10	-	9,000	9,000	-
- Unlisted equity investments not held for trading	17	4,180	-	4,180	253,062	-	253,062
- Amount due from Beijing Sunac	17	-	-	-	84,826	-	84,826
Financial liability:							
- Other financial liabilities	30	(84,184)	-	(84,184)	(78,333)	-	(78,333)

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels and fair value hierarchy as at the end of the reporting period in which they occur.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2021 and 2020.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of derivative financial instruments in Level 2 is the estimated amount that the Group would receive or pay to terminate the option at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the option counterparties.

34 金融風險管理及公允值(續)

(f) 公允值計量(續)

(i) 按公允值計量的金融工具(續)

截至2021年及2020年12月31日止年度，第一級與第二級之間並無任何轉移，亦無轉入或轉出第三級。本集團的政策為於發生公允值等級轉移的報告期間結束時，確認不同級別之間的轉移。

本集團按成本或攤銷成本列賬的金融工具賬面值與其於2021年及2020年12月31日的公允值並無重大差異。

(ii) 第二級公允值計量所用的估值方法及輸入數據

第二級衍生金融工具的公允值為本集團於報告期末為終止權利將收到或結付的估值，已計入即期利率及現時掉期對手信貸評級。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(f) Fair value measurement (Cont'd)

(iii) Information about Level 3 fair value measurements

The fair value of unlisted equity instruments is determined using the price/earning ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

The fair value of amount due from an associate measured at FVTPL and other financial liability are determined using future estimated cash flow to be recovered/paid, future profit forecast of the disposal entity, development progress and applicable discount rate.

The movement during the period in the balance of Level 3 fair value measurements is as follows:

34 金融風險管理及公允值(續)

(f) 公允值計量(續)

(iii) 有關第三級公允值計量的資料

非上市股權工具的公允值以可比上市公司的價格／銷售比率判斷，為欠缺市場流通性作出的折讓而調整。公允值的計量與就欠缺市場流通性作出的折讓成反比。

應收聯營公司款項是以公允價值計量且其公允價值變動將計入當期損益，其他金融負債的公允價值是通過預計收回／支付的未來現金流量、處置主體的未來利潤預測和適用的折現率三個因素確定。

期內第三級公允值計量結餘變動情況如下：

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Financial assets measured at Level 3 Fair value: 按第三等級計量的金融資產：			
At 1 January	於1月1日	337,888	269,334
Additions	添置	-	12,513
Disposal	處置	(248,882)	-
Transferred to interest in joint ventures	轉入對合營公司的投資	(84,826)	-
Net unrealised/realised gains recognised in profit or loss during the year	年內於損益確認的未變現／變現淨額	-	56,041
At 31 December	於12月31日	4,180	337,888
Financial liabilities measured at Level 3 Fair value: 按第三等級計量的金融負債：			
At 1 January	於1月1日	78,333	70,838
Net unrealised losses recognised in profit or loss during the year	年內於損益確認的未變現虧損淨額	5,851	7,495
At 31 December	於12月31日	84,184	78,333
Net (losses)/gains for the period included in profit or loss for assets and liabilities held at the end of the reporting period	就於報告期末持有的資產和負債計入損益的期內收益淨額	(5,851)	48,546

34 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(f) Fair value measurement (Cont'd)

(iv) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments which are carried at cost or amortised cost are not materially different from their fair values as at 31 December 2021 and 2020.

35 COMMITMENTS

Capital commitments outstanding at 31 December contracted but not provided for in the financial statements were as follows:

		2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Construction and development contracts	建設及發展合約	5,000,054	2,130,295
Land agreements	土地合同	251,550	1,578,273
		5,251,604	3,708,568

34 金融風險管理及公允值(續)

(f) 公允值計量(續)

(iv) 以非公允價值計量的金融資產和金融負債的公允價值

本集團以成本或攤餘成本計量的金融工具的帳面價值與其截至2021年12月31日和2020年12月31日的公允價值並無重大差異。

35 承擔

於2021年12月31日已訂約但於財務報表內無撥備的資本承擔如下：

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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36 CONTINGENT LIABILITIES

Guarantees

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owned by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyer.

The maximum amounts of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at the end of each reporting period is as follows:

	2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	3,243,670	2,648,311

The directors consider that it is not probable that the Group will sustain a loss under these guarantees as the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors of the Company also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors of the Company.

36 或然負債

擔保

本集團為若干銀行就本集團物業買方所訂立的按揭貸款而授出的按揭融資提供擔保。根據擔保條款，倘該等買方拖欠按揭付款，則本集團須負責償還欠負的按揭貸款連同違約買方應付予銀行的任何應計利息及罰款。本集團的擔保期由相關按揭貸款授出日期起，直至買家取得個別房產證及全數繳付按揭貸款(以較早者為準)時止。

於各報告期末就本集團物業買方獲授的按揭融資而向銀行作出的最大擔保金額如下：

	2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
就本集團物業買方獲授的按揭融資而向銀行作出的擔保	3,243,670	2,648,311

董事認為，由於本集團可接管相關物業的所有權並出售有關物業，以收回本集團向銀行支付的任何金額，因此本集團不大可能因該等擔保而遭致虧損。本公司董事亦認為，倘買方拖欠償還銀行付款，則相關物業的公允市值能彌補本集團所擔保的未償還按揭貸款。

由於本公司董事認為該等擔保的公允值極低，故本集團並未就該等擔保確認任何遞延收入。

37 MATERIAL RELATED PARTY TRANSACTIONS

Except for the amounts due from/to related parties and bank loans guaranteed by related parties as set out in notes 19, 22 and 24, the other material related party transactions are disclosed as follows:

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

		2021	2020
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Wages, salaries and other benefits in kind	工資、薪金及其他實物福利	22,978	31,152
Contribution to defined contribution retirement plans	定額供款退休計劃	277	292
Equity settled share-based payment expenses	以權益結算的股份支付費用	5,029	3,586
		28,284	35,030

Total remuneration is included in "staff costs" (see note 5(b)).

37 重大關聯方交易

除載於附註19、22和24應收／應付關聯方款項外，其他重大關聯方交易披露如下：

主要管理人員薪酬

本集團主要管理人員薪酬包括附註7所披露向本公司董事支付的金額及附註8所披露向若干最高薪僱員支付的金額，載列如下：

薪酬總額載於「員工成本」(請參閱附註5(b))。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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38 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

38 公司層面的財務狀況表

		Note 附註	2021 RMB'000 人民幣千元	2020 RMB'000 人民幣千元
Non-current assets	非流動資產			
Interests in subsidiaries	於子公司的權益		1,441,231	1,500,191
Current assets	流動資產			
Other receivables	其他應收款項		2,754,480	1,868,700
Cash and cash equivalents	現金及現金等值物		3,077	13,225
			2,757,557	1,881,925
Current liabilities	流動負債			
Other payables and accruals	其他應付及應計款項		630,313	44,189
Senior notes	優先票據	25	468,614	1,820,524
			1,098,927	1,864,713
Net current assets	流動資產淨值		1,658,630	17,212
Total assets less current liabilities	總資產減流動負債		3,099,861	1,517,403
Non-current liabilities	非流動負債			
Senior notes	優先票據	25	1,877,848	-
NET ASSETS	資產淨值		1,222,013	1,517,403
Capital and reserves	股本及儲備	33(a)		
Share capital	股本		36,598	36,598
Reserves	儲備		1,185,415	1,480,805
TOTAL EQUITY	權益總額		1,222,013	1,517,403

39 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (i) On 19 January 2022, 30,000,000 share options was granted to Mr. Chen Junyu, who was appointed as an executive director with effective from 20 January 2022, under the share option scheme adopted by the Company on 30 May 2019.
- (ii) On 16 February 2022, the Company entered into a share transfer agreement, pursuant to which, the Company has agreed to sell 70% equity interest of Revere Effort Limited, which hold 51% interest in Jiangxi Hydo, at a consideration of HK\$33,000,000 (equivalent to RMB26,980,000) to a connected person of the Company.

Upon completion of the disposal, Revere Effort is no longer be a subsidiary of the Group.

- (iii) On 3 March 2022, the Company entered into a share transfer agreement, pursuant to which, the Company has agreed to sell 100% equity interest of Well Harmony Enterprises Limited (“Well Harmony”), which hold 40% interest in Xishui Chuangmeng, at a consideration of HK\$151,135,000 (equivalent to RMB123,568,000). Upon completion of the disposal, Well Harmony is no longer be a subsidiary of the Group.

40 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at 31 December 2021, the directors consider the immediate parent and ultimate controlling party of the Group to be China Guangdong – Hong Kong Greater Bay Area Holdings Limited, which is incorporated in the British Virgin Islands with limited liability. This entity does not produce financial statements available for public use.

39 報告期後非調整事項

- (i) 於2022年1月19日，根據本公司2019年5月30日通過的購股權計劃，授予陳軍余先生3000萬股股權，同時陳軍余先生被任命為執行董事，自2022年1月20日起生效。
- (ii) 於2022年2月16日，本公司訂立股份轉讓協議。根據股份轉讓協議，本公司同意33,000,000港元（等價人民幣26,980,000元）的對價出售敬業有限公司70%的股權給本公司關聯人士，其中敬業有限公司持有江西毅德城置業有限公司51%的股權。

出售完成後，該實體將不再是本公司的附屬公司。

- (iii) 於2022年3月3日，本公司訂立股份轉讓協議。根據股份轉讓協議，本公司同意151,135,000港元（等價人民幣123,568,000元）的對價出售順和企業有限公司100%的股權，其中順和企業有限公司持有習水創盟房地產開發有限公司40%的股權。出售完成後，該實體將不再是本公司的附屬公司。

40 直接和最終控制方

截至2021年12月31日，董事會認為該集團的直接母公司和最終控制方為粵港灣控股有限公司，該公司在英屬維京群島註冊成立有限責任公司。本實體不編製可供公眾使用的財務報表。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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41 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2021

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and a new standard, IFRS 17, Insurance contracts, which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

41 於截至2021年12月31日止年度已頒佈但未生效的修訂、新準則及詮釋的可能影響

直至該等財務報表刊發日期，國際會計準則理事會已頒佈若干於截至2021年12月31日止年度尚未生效且並無於本財務報表採納的修訂及新準則。其中包括以下可能與本集團有關的事項。

	Effective for accounting periods beginning on or after 於以下日期或之後開始之會計期間生效
Amendments to IFRS 3, <i>Reference to the Conceptual Framework</i> 國際財務報告準則第3號(修訂本)，參考概念框架	1 January 2022 於2022年1月1日
Amendments to IAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i> 國際會計準則第16號(修訂本)，不動產、廠房和設備：之前的收益預期用途	1 January 2022 於2022年1月1日
Amendments to IAS 37, <i>Onerous Contracts – Cost of Fulfilling a Contract</i> 國際會計準則第37號(修訂本)，繁重的合同—履行合同的成本	1 January 2022 於2022年1月1日
<i>Annual Improvements to IFRSs 2018–2020 Cycle</i> 2018–2020週期的年度改進	1 January 2022 於2022年1月1日
Amendments to IAS 1, <i>Classification of liabilities as current or non-current</i> 國際會計準則第1號的修訂，負債分類為流動或非流動	1 January 2023 2023年1月1日
Amendments to IAS 1 and IFRS Practice Statement 2, <i>Disclosure of accounting policies</i> 國際會計準則第1號和國際財務報告準則第2號的修訂，會計政策的披露	1 January 2023 2023年1月1日
Amendments to IAS 8, <i>Definition of accounting estimates</i> 國際會計準則第8號的修訂，會計估計的定義	1 January 2023 2023年1月1日
Amendments to IAS 12, <i>Deferred tax related to assets and liabilities arising from a single transaction</i> 國際會計準則第12號的修訂，與單一交易產生的資產和負債相關的遞延稅項	1 January 2023 2023年1月1日

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

專家組正在評估這些發展在初步應用期間的預期影響。到目前為止，它的結論是，採用這些準則不大可能對合併財務報表產生重大影響。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告



Independent auditor's report to the shareholders of Guangdong – Hong Kong Greater Bay Area Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Guangdong – Hong Kong Greater Bay Area Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 90 to 238, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (“the Code”) together with any ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

致粵港灣控股有限公司列位股東的獨立核數師報告
(於開曼群島註冊成立的有限公司)

意見

本核數師(以下簡稱「我們」)已審核列載於第90至238頁的粵港灣控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的合併財務報表，此財務報表包括於2020年12月31日的合併財務狀況表與截至該日止年度的合併損益表、合併損益及其他全面收益表、合併權益變動表和合併現金流量表，以及合併財務報表附註，包括主要會計政策概要。

我們認為，該等合併財務報表已根據國際會計準則理事會頒佈的《國際財務報告準則》真實而中肯地反映了 貴集團於2020年12月31日的合併財務狀況及截至該日止年度的合併財務表現及合併現金流量，並已遵照香港《公司條例》的披露要求妥為擬備。

意見的基礎

我們已根據香港會計師公會頒佈的《香港審核準則》進行審核。我們在該等準則下承擔的責任已在本報告「核數師就審核合併財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)以及與我們對開曼群島合併財務報表的審核相關的道德要求，我們獨立於 貴集團，並已履行這些道德要求以及守則中的其他專業道德責任。我們相信，我們所獲得的審核憑證能充足及適當地為我們的審核意見提供基礎。

關鍵審核事項

關鍵審核事項是根據我們的專業判斷，認為對本期合併財務報表的審核最為重要的事項。這些事項是在我們審核整體合併財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

Transfer of inventories to investment properties and valuation of investment properties 轉撥存貨到投資物業及投資物業的估值	
Refer to note 11 to the consolidated financial statements and the accounting policies note 1(i). 請參閱合併財務報表附註11及附註1(i)的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
<p>As at 31 December 2020, the Group held a portfolio of investment properties located in Jiangxi, Guangxi, Shandong, Guangdong and Hunan provinces in Mainland China with an aggregate fair value of RMB3,144,270,000 which accounted for 17% of the Group's total assets at that date. The investment properties principally comprise commercial trade logistics centers.</p> <p>於2020年12月31日，貴集團持有位於中國內地江西、廣西、山東、廣東及湖南省的投資物業組合，總值為人民幣3,144,270,000元，佔貴集團資產總值的17%。投資物業主要包括商貿物流中心。</p> <p>During the year ended 31 December 2020, the Group transferred inventories, which principally comprised commercial trade logistics centres and shops, with an aggregate carrying value of RMB296,207,000 to investment properties. Management is required to exercise judgement in determining if the relevant criteria as set out in the prevailing accounting standards have been met in order to transfer inventories to investment properties. Such judgements are principally qualitative in nature.</p> <p>截至2020年12月31日，貴集團自存貨轉撥到投資物業的總值為人民幣296,207,000元。轉撥到投資物業的存貨主要包括商貿物流城及商舖。在評估是否符合將存貨轉撥到投資物業的標準時，管理層需要行使判斷。而上述判斷主要涉及定性判斷。</p> <p>The net fair value gain of investment properties recorded in the consolidated statement of profit or loss represented 24% of the Group's profit before taxation for the year ended 31 December 2020.</p> <p>於合併損益表中所錄得的投資物業的公允值收益相當於貴集團截至2020年12月31日止年度之除稅前利潤之24%。</p>	<p>Our audit procedures to assess the transfer of inventories to investment properties and valuation of investment properties included the following:</p> <p>我們對評估投資物業的估值採取的審核程序包括：</p> <ul style="list-style-type: none"> challenging management's criteria for determining the change in use of the properties transferred from inventories to investment properties by inspecting the lease agreements for the properties, property management contracts and other relevant documentation and inspecting management's business plans for these properties; 通過檢查物業的租賃協議、物業管理合同和其他相關文件以及檢查管理層對這些物業的業務計劃，對管理層在決定物業轉變用途時所依據的標準提出質疑； conducting site visits to investment properties transferred from inventories, on a sample basis, to observe the leasing activities of the respective properties and assess the change in use of the properties as asserted by management; 對從存貨轉撥到投資物業的項目進行實地視察，以抽樣方式觀察各項物業的租賃活動，並評估管理層聲稱的物業用途變化； obtaining and inspecting the valuation reports prepared by the external property valuers engaged by management and on which the directors' assessment of the fair values of investment properties was based; 取得並檢查由管理層委聘的外部物業估值師所編製且作為董事對投資物業的公允值作出評估的基準的估值報告； assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity and independence; 評估外部物業估值師對所估值物業的資歷、經驗和專業知識，並考慮其客觀性和獨立性；

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<p>Transfer of inventories to investment properties and valuation of investment properties 轉撥存貨到投資物業及投資物業的估值</p>	
<p>Refer to note 11 to the consolidated financial statements and the accounting policies note 1(i). 請參閱合併財務報表附註11及附註1(i)的會計政策。</p>	
<p>The key audit matter 關鍵審計事項</p>	<p>How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項</p>
<p>The fair values of the investment properties as at 31 December 2020 were assessed by the directors based on independent valuations prepared by a firm of qualified external property valuers. The determination of these fair values involves significant judgement and estimation, particularly in relation to selecting the appropriate valuation methodology, capitalisation rates, market rents and average market price of the comparable properties.</p> <p>投資物業於2020年12月31日的公允值乃由董事基於一間合資格外部物業估值師編製的獨立估值而評估。對該等公允值的確定涉及重大判斷及估計，特別與選用適當的估值方法、資本化比率、可資比較物業的市場租金及平均市價有關。</p> <p>We identified the transfer of inventories to investment properties and valuation of investment properties as a key audit matter because of the exercise of management judgement in assessing if the criteria for the transfer of inventories to investment properties were met and because of the inherent risks involved in estimating the valuations of investment properties, particularly in light of the current economic circumstances.</p> <p>我們識別出存貨轉撥到投資物業及投資物業的估值作為關鍵審核事項，因為在評估是否符合將存貨轉撥到投資物業的標準時，以及由於估計投資物業的估值涉及的固有風險，特別是鑑於當前的經濟環境，管理層需要行使判斷。</p>	<ul style="list-style-type: none"> • with the assistance of our internal property valuation specialists, discussing with the external property valuers their valuation methodology and the key estimates and assumptions adopted in their valuations; • 在我們的內部物業估值專家協助下，與外部物業估值師討論他們的估值方法以及估值採用的主要估計和假設； • challenging the key estimates and assumptions (including capitalisation rates, prevailing market rents and comparable market transactions) adopted in the valuations, on a sample basis, by comparison with available market data; and • 通過與現有市場數據進行比較，質疑估值中採用的主要估計和假設(包括資本化比率、現行市場租金和可比較市場交易)；及 • comparing tenancy information, including committed rents and occupancy rates, provided by the Group to the external property valuers with underlying contracts and related documentation, on a sample basis. • 通過抽樣的方式，將租賃信息，包括承諾的租金和入住率，與貴集團提供給外部物業估值師的基本合同和相關文件進行對比。

Assessing the net realisable value of inventories 評估存貨的可變現淨值	
Refer to note 20 to the consolidated financial statements and the accounting policies note 1(n). 請參閱合併財務報表附註20及附註1(n)的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
<p>As at 31 December 2020, the aggregate carrying value of the Group's properties held for development ("PHD"), properties under development ("PUD") and completed properties held for sale (together "inventories") totalled RMB9,356,192,000. These principally comprise wholesale trading market units and other commercial and residential units in Dongguan, Renhuai, Ganzhou, Lanzhou, Wuzhou, Jining and Yantai.</p> <p>於2020年12月31日，貴集團的持作發展物業（「持作發展物業」）、在建物業（「在建物業」）及待售已完工物業（統稱「存貨」）的總賬面值合共為人民幣9,356,192,000元。該等存貨主要包括於東莞、仁懷、贛州、蘭州、梧州、濟寧和煙台的獨立交易展示區單元及其他商業或住宅單元。</p> <p>Inventories are stated at the lower of cost and net realisable value. The calculation of the net realisable value for each property development project at the financial reporting date is performed by management.</p> <p>存貨以成本與可變現淨值的較低者列值。各個物業開發項目於財政報告日的可變現淨值由管理層計算。</p> <p>The calculation of the net realisable value of inventories involves significant management judgement and estimation in preparing the updated estimations of the costs to complete each property development project for PHD and PUD as well as in assessing the expected future selling prices for each property development project (with reference to recent sales transactions in nearby locations and the rates of new property sales) and the estimated future selling costs (including price discounts which may be required to stimulate sales).</p> <p>編製持作發展物業及在建物業各個物業開發項目竣工成本的最新估計，以及評估各個物業開發項目的預期未來售價（參考毗鄰地段近期的銷售交易及新物業銷售率）及估計未來銷售成本（包括促進銷售可能需要的價格折扣）時，計算存貨的可變現淨值涉及重大管理層判斷與估計。</p>	<p>Our audit procedures to assess the net realisable value of inventories included the following: 我們評估存貨的可變現淨值採取的審核程序包括：</p> <ul style="list-style-type: none"> assessing the design, implementation and operating effectiveness of key internal controls over the preparation and monitoring of management budgets and forecasts of construction and other costs for each property development project; 評估就編製及監察各個物業開發項目的預算管理、建築及其他成本的預測進行的主要內部控制，在設計、實施和運作上的有效性； conducting site visits to property development sites, on a sample basis, and discussing with management the progress of each property development project and the development budgets reflected in the latest forecasts for each property development project; 以抽樣方式對物業開發用地進行實地視察，並與管理層討論各個物業開發項目的進度及反映於各個物業開發項目最新預測的發展預算； evaluating the valuation methodologies and challenging the key estimates and assumptions adopted in the valuations, including expected future selling prices, by comparing expected future selling prices to, where available, recently transacted prices for similar properties and the prices of comparable properties located in the nearby vicinity of each development; 透過將預期未來銷售價格與在適用情況下所獲近期類似物業的交易價格及位於各個發展項目類近地區的可比較物業價格作比較，評估估值方法，並對估值中採用的主要估計及假設（包括預期未來銷售價格）提出質疑；

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<p>Assessing the net realisable value of inventories 評估存貨的可變現淨值</p>	
<p><i>Refer to note 20 to the consolidated financial statements and the accounting policies note 1(n).</i> 請參閱合併財務報表附註20及附註1(n)的會計政策。</p>	
<p>The key audit matter 關鍵審計事項</p>	<p>How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項</p>
<p>We identified assessing the net realisable value of inventories of the Group as a key audit matter because of the inherent risks involved in estimating net realisable values, particularly in light of the current economic circumstances and various property market cooling measures implemented by local governments in various cities across Mainland China.</p> <p>由於估計可變現淨值涉及的固有風險，特別是現時中國內地各個城市的經濟狀況及當地政府推行的各項樓市降溫措施，故我們確定評估 貴集團存貨的可變現淨值屬關鍵審核事項。</p>	<ul style="list-style-type: none"> • for those properties held for future development and properties under development for sale, discussing with management, on a sample basis, the development progress and challenging management's development budgets with reference to signed construction contracts and/or unit construction costs of recently completed projects developed by the Group; and • 對於未來發展以及正在開發銷售的物業，與管理層討論最新的發展進度，以及在抽樣的基礎上，參考本集團最近完成項目簽訂的建築合約及／或單位建造成本，與管理層的發展預算相比較；及 • assessing the sensitivity analyses prepared by management to determine the extent of changes in key estimates and assumptions that, either individually or collectively, adopted in assessing net realisable value, may result in material misstatements in inventories and considering the likelihood of such a movement in those key estimates and assumptions arising and the potential for management bias in their selection. • 評估管理層進行敏感性分析，以確定主要估計將導致存貨發生重大錯報的變動程度，並考慮該等重要估計及假設出現變動的可能性和選擇上出現管理偏差的潛在性。

Impairment loss on interest in a joint venture operated in Thailand 在泰國經營的合營企業的權益減值虧損	
Refer to note 15 to the consolidated financial statements and the accounting policies note 1(e). 請參閱合併財務報表附註15及附註1(e)的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
<p>As at 31 December 2020, the Group's interest in joint ventures included an interest in a joint venture engaged in property development in Thailand ("Thailand Joint Venture") with carrying amount of RMB125,359,000.</p> <p>截至2020年12月31日，本集團於合營企業的權益投資包括在泰國從事物業發展的合營企業（「泰國合營企業」）的權益，其賬面值為人民幣125,359,000元。</p> <p>As in previous years, Thailand Joint Venture was unable to get reimbursement from the third party joint venture partner of the cost of certain pieces of land which were returned to the original vendor by the order of the court. In addition, the joint venture partner was obligated to repurchase certain shares in Thailand Joint Venture held by the Group but failed to do so within the specified time frame which remained the case at 31 December 2020. As agreed, if the joint venture partner fails to fulfil its share repurchase obligation within a specified time frame, the Group has the right to obtain the land pieces still held by Thailand Joint Venture. In 2019, the Group brought a lawsuit against the joint venture partner in this regard.</p> <p>與以往年度一樣，泰國合營企業無法從第三方合營夥伴獲得由於法院命令已返還給原賣方的土地的相應成本賠償。此外，該合營夥伴有義務從本集團購回持有的泰國合營企業的若干股份，但未能按時履行其回購責任。這種情況在2020年12月31日依然存在。按照所商定的，若合資夥伴未能在規定的時間內履行其股份回購義務，則本集團有權獲得泰國合營企業仍持有的土地。2019年，本集團就此起訴該合資夥伴。</p>	<p>Our audit procedures to assess the impairment loss on interest in Thailand Joint Venture included the following:</p> <p>我們審計泰國合營企業減值損失的審計程序包括以下內容：</p> <ul style="list-style-type: none"> obtaining and inspecting the legal opinion issued by the Group's external legal counsel in respect of: (a) the Group's right to collect consideration from the share repurchase or to apply public auction of the land pieces still held by Thailand Joint Venture as the joint venture partner has failed to fulfil its share repurchase obligation within the specified time frame, and (b) the progress of the litigation and probable outcomes of the lawsuit brought against the joint venture partner in 2020; 獲取及檢查本集團外部法律顧問發出的法律意見，該意見關於：(a)因為合營夥伴未能在規定的時間內履行其股份回購義務，本集團有權收取股份購回的代價或者申請公開拍賣泰國合營企業尚持有的土地；及(b)2020年起訴合營夥伴的訴訟進展及該訴訟最可能的結果； obtaining and inspecting the valuation report prepared by the external valuers engaged by management and on which the directors' assessment of the fair values of the land pieces still held by Thailand Joint Venture was based; 獲取及檢查由管理層聘請的外部估值師編製的估值報告，並由董事對泰國合營企業仍持有的土地的公允價值作出評估； assessing the external property valuers' qualifications, experience and expertise in the properties being valued and considering their objectivity and independence; 評估外部房產估價師對被評估房產的資格，經驗和專業知識，並考慮其客觀性和獨立性； with the assistance of our internal property valuation specialists, discussing with the external valuers their valuation methodology and the key estimates and assumptions adopted in their valuations; 在內部資產評估專家的協助下，與外部評估師討論估價方法和其在估值時所採用的關鍵估計和假設；

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<p>Impairment loss on interest in a joint venture operated in Thailand 在泰國經營的合營企業的權益減值虧損</p>	
<p>Refer to note 15 to the consolidated financial statements and the accounting policies note 1(e). 請參閱合併財務報表附註15及附註1(e)的會計政策。</p>	
<p>The key audit matter 關鍵審計事項</p>	<p>How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項</p>
<p>The directors expect that the Group will be able to recover part of its interest in Thailand Joint Venture by applying public auction of the land pieces still held by Thailand Joint Venture based on the legal opinion obtained from an external legal counsel. With reference to the fair value of these land pieces which were assessed by the Group's directors based on a valuation report prepared by external valuers the Group did not make further provision for impairment loss on the interest in Thailand Joint Venture and the amount due from the joint venture during 2020 and the accumulated provision amounted to RMB39 million at 31 December 2020.</p> <p>根據從外部法律顧問處獲得的法律意見，董事預期本集團將能夠申請公開拍賣泰國合營企業仍持有的土地，以收回其在泰國合營企業的部分投資。本集團董事根據外部估值師編製的估值報告評估該等土地的公允價值，本集團於2020年就泰國合營企業的權益投資及應收泰國合營企業款項沒有進一步作出減值虧損撥備，於2020年12月31日，累計撥備共計人民幣39百萬元。</p> <p>We identified assessing the impairment loss on the interest in Thailand Joint Venture as a key audit matter because of the exercise of management judgement in estimating the amount to be recovered from the Group's interest in Thailand Joint Venture.</p> <p>我們確定評估於泰國合營企業的權益的減值損失是一項關鍵審計事項，因為在估計本集團於泰國合營企業的權益的可收回金額時行使了管理層判斷。</p>	<ul style="list-style-type: none"> • challenging the key estimates and assumptions (including comparable information and adjustments) adopted in the valuations by comparison with available market data and/or government produced market statistics; and • 通過與現有市場數據和／或政府生產的市場統計數據進行比較，對估值中採用的關鍵估計和假設(包括可比信息和調整)提出質疑；及 • assessing the adequacy of the Group's disclosures of impairment loss on interest in Thailand Joint Venture in the consolidated financial statements with reference to the requirements of the prevailing accounting standards. • 根據現行會計準則的要求，評估本集團在合併財務報表中針對泰國合營企業的權益減值虧損的披露是否充分。

Provision for land appreciation tax ("LAT") in Mainland China 中國內地土地增值稅(「土地增值稅」)撥備	
Refer to note 6 to the consolidated financial statements and the accounting policies note 1(u). 請參閱合併財務報表附註6及附註1(u)的會計政策。	
The key audit matter 關鍵審計事項	How the matter was addressed in our audit 我們於審核時如何處理關鍵審計事項
<p>LAT in Mainland China is one of the main components of the Group's taxation charge. 中國內地的土地增值稅是 貴集團稅務支出的主要組成部分之一。</p> <p>LAT is levied on sale of properties, at progressive rates ranging from 30% to 60% based on the appreciation of land value. At the end of each financial reporting period, management estimates the provision for LAT based on its understanding and interpretation of the relevant tax rules and regulations, the estimated total sales of properties less total deductible expenditure, which includes lease charges for land use rights, property development costs, borrowing costs and development expenditure. When the LAT is subsequently determined, the actual payments may be different from the estimates.</p> <p>貴集團銷售開發的房地產需要就土地增值額按照超率累進稅率30%–60%繳納土地增值稅。在每個財務期末，管理層需要對土地增值稅的計提金額進行估算，在作出估算的判斷時，主要考慮的要素包括相關稅務法律法規的規定和解釋，預計的銷售房地產取得的收入減去預計可扣除的土地成本、房地產開發成本、利息費用、開發費用等。貴集團在土地增值稅匯算清繳時，實際應付稅金可能與 貴集團預估的金額存在差異。</p> <p>We identified provision for LAT in Mainland China as a key audit matter because of its significance to the consolidated financial statements and because the estimated provisions for LAT are based on management's judgement and interpretation of complicated tax laws and regulations.</p> <p>由於土地增值稅的計提對合併財務報表的重要性，且管理層作出估計時的判斷包括對相關稅務法律法規和實務做法的理解等要素，因此我們將土地增值稅的計提識別為 貴集團關鍵審計事項。</p>	<p>Our audit procedures to assess the provision for LAT in Mainland China included the following: 我們評估中國內地土地增值稅撥備採取的審核程序包括：</p> <ul style="list-style-type: none"> assessing the design, implementation and operating effectiveness of management's key internal controls over the calculation of the estimated LAT provisions; 評估管理層關於計算估計土地增值稅撥備的關鍵內部控制的設計、實施和運營有效性； engaging our internal taxation specialists to evaluate the Group's LAT provisions, on a sample basis, as at 31 December 2020 which involved challenging management's assumptions and judgements based on our experience, knowledge and understanding of the practices of the application of the relevant tax laws by the various local tax bureaus; 聘請內部稅務專家評估 貴集團於2020年12月31日的土地增值稅撥備，包括根據我們的經驗、知識和對各地方稅務局應用相關稅法常規的理解，對管理層的假設和判斷提出質疑； evaluating management's assumptions and judgements based on our assessment of the value of the estimated sales of properties and the deductible expenditure; and 根據我們對物業估計銷售價值和可扣除開支的評估，質疑管理層的假設及判斷；及 re-calculating the provision for LAT of the Group and comparing our calculations with the amounts recorded by the Group. 重新計算 貴集團的土地增值稅撥備，並將我們的計算與 貴集團記錄的金額進行比較。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, then we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

合併財務報表及其核數師報告以外的信息

董事需對其他信息負責。其他信息包括刊載於年報內的全部信息，但不包括合併財務報表及我們的核數師報告。

我們對合併財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對合併財務報表的審核，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與合併財務報表或我們在審核過程中所瞭解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事就合併財務報表須承擔的責任

董事須負責根據國際會計準則理事會頒佈的國際財務報告準則及香港《公司條例》的披露要求擬備真實而中肯的合併財務報表，並對其認為為使合併財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在擬備合併財務報表時，董事負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助董事履行監督 貴集團的財務報告過程的責任。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審核合併財務報表承擔的責任

我們的目標，是對合併財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向整體股東報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

合理保證是高水平的保證，但不能保證按照《香港審核準則》進行的審核，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響合併財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審核準則》進行審核的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致合併財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對這些風險，以及獲取充足和適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部控制，以設計適當的審核程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意合併財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審核憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價合併財務報表的整體列報方式、結構和內容，包括披露，以及合併財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審核憑證，以便對合併財務報表發表意見。我們負責貴集團審核的方向、監督和執行。我們為審核意見承擔全部責任。

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

除其他事項外，我們與審核委員會溝通了計劃的審核範圍、時間安排、重大審核發現等，包括我們在審核中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，為消除威脅所採取的措施以及相關的防範措施。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Chun Pong.

從與審核委員會溝通的事項中，我們確定哪些事項對本期合併財務報表的審核最為重要，因而構成關鍵審核事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人是黃振邦。

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
29 March 2021

畢馬威會計師事務所
執業會計師
香港中環
遮打道10號
太子大廈8樓
2021年3月29日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS 合併損益表

for the year ended 31 December 2020
截至2020年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		Note 附註	2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Revenue	收入	3	3,737,158	1,583,308
Cost of sales	銷售成本		(2,450,425)	(1,010,428)
Gross profit	毛利		1,286,733	572,880
Other income	其他收入	4	47,187	203,689
Selling and distribution costs	銷售和分銷成本		(115,423)	(116,374)
Administrative expenses	行政開支		(398,640)	(520,524)
Impairment loss on financial assets measured at amortisation cost	按攤銷成本計量的金融資產減值虧損	5(c)	(28,109)	(21,258)
Profit from operations before fair value change on investment properties	投資物業公允價值變動前經營利潤		791,748	118,413
Fair value gain/(loss) on investment properties	投資物業公允價值收益/(虧損)	11	172,315	(77,454)
Profit from operation after fair value change on investment properties	投資物業公允價值變動後經營利潤		964,063	40,959
Share of loss of an associate	分佔聯營企業虧損	14	-	(1,253)
Share of losses of joint ventures	分佔合營企業虧損	15	(241)	(3,507)
Finance income	財務收入	5(a)	38,849	47,781
Finance costs	融資成本	5(a)	(276,788)	(228,341)
Profit/(loss) before taxation	除稅前利潤/(虧損)	5	725,883	(144,361)
Income tax	所得稅	6(a)	(369,610)	(132,924)
Profit/(loss) for the year	年內利潤/(虧損)		356,273	(277,285)
Attributable to:	以下各方應佔：			
Equity shareholders of the Company	本公司權益股東		360,696	(271,221)
Non-controlling interests	非控股權益		(4,423)	(6,064)
Profit/(loss) for the year	年內利潤/(虧損)		356,273	(277,285)
Earnings/(loss) per share	每股盈利/(虧損)			
Basic and diluted (RMB cents)	基本及攤薄(人民幣分)	9	8.4	(6.8)

The notes on pages 98 to 238 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 37(b).

第98至238頁所載附註屬於該等財務報表的一部分。本年度應付本公司權益股東股息詳情載於附註37(b)。

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 合併損益及其他全面收入表

for the year ended 31 December 2020
截至2020年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Profit/(loss) for the year	年內利潤／(虧損)	356,273	(277,285)
Other comprehensive income for the year (after tax and reclassification adjustments)	年內其他全面收入 (經稅項及重新分類調整後)		
Item that may be reclassified subsequently to profit or loss:	其後可能重新分類至損益的 項目：		
Exchange differences on translation of financial statements of subsidiaries outside the mainland China	換算中國境外子公司的 財務報表的匯兌差額	82,021	(33,955)
Other comprehensive income for the year	年內其他全面收入	82,021	(33,955)
Total comprehensive income for the year	年內全面收入總額	438,294	(311,240)
Attributable to:	以下各方應佔：		
Equity shareholders of the Company	本公司權益股東	442,717	(305,176)
Non-controlling interests	非控股權益	(4,423)	(6,064)
Total comprehensive income for the year	年內全面收入總額	438,294	(311,240)

The notes on pages 98 to 238 form part of these financial statements.

第98至238頁所載附註屬於該等財務報表的一部分。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 合併財務狀況表

at 31 December 2020
於2020年12月31日
(Expressed in Renminbi)
(以人民幣列示)

		Note	2020	2019
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	10	397,280	422,442
Investment properties	投資物業	11	3,144,270	2,584,100
Intangible assets	無形資產	12	16,098	16,497
Goodwill	商譽	13	2,252	2,252
Interest in an associate	於聯營企業權益	14	–	–
Interest in joint ventures	於合營企業權益	15	131,583	134,783
Deferred tax assets	遞延稅項資產	16(b)	215,325	169,345
Finance lease receivable	融資租賃應收款項	18	8,210	15,692
Other non-current assets	其他非流動資產	19	337,888	404,818
			4,252,906	3,749,929
Current assets	流動資產			
Inventories and other contract costs	存貨及其他合約成本	20	9,369,347	7,383,731
Other financial assets	其他金融資產	21	9,000	11,140
Trade and other receivables	貿易及其他應收款項	22	2,849,403	1,361,689
Prepaid tax	預付稅項	16(a)	144,949	165,086
Pledged and restricted cash	已抵押及受限制現金	23	568,161	606,043
Cash and cash equivalents	現金及現金等值物	24	1,783,235	1,571,204
			14,724,095	11,098,893
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	25	5,450,950	2,367,860
Contract liabilities	合約負債	26	1,971,295	2,989,327
Bank loans and other borrowings	銀行貸款及其他借貸	27	481,029	505,462
Senior notes	優先票據	28	1,820,524	314,220
Corporate bonds	公司債券	29	–	259,700
Amounts due to controlling shareholders	應付控股股東款項	30	867,000	–
Lease liabilities	租賃負債	31	10,562	8,972
Current tax liabilities	即期稅項負債	16(a)	736,413	695,220
Deferred income	遞延收入	32	349,119	479,160
Other current liabilities	其他流動負債	33	300,000	–
			11,986,892	7,619,921
Net current assets	流動資產淨值		2,737,203	3,478,972
Total assets less current liabilities	總資產減流動負債		6,990,109	7,228,901

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 合併財務狀況表

at 31 December 2020
於2020年12月31日
(Expressed in Renminbi)
(以人民幣列示)

		Note	2020	2019
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元
Non-current liabilities	非流動負債			
Bank loans and other borrowings	銀行貸款及其他借貸	27	829,230	728,221
Senior notes	優先票據	28	–	1,338,799
Lease liabilities	租賃負債	31	29,546	33,112
Deferred tax liabilities	遞延稅項負債	16(b)	194,636	108,924
Other financial liabilities	其他金融負債	34	78,333	70,838
			1,131,745	2,279,894
NET ASSETS	資產淨值		5,858,364	4,949,007
Capital and reserves	股本及儲備	37		
Share capital	股本		36,598	31,825
Reserves	儲備		5,555,799	4,900,927
Total equity attributable to equity shareholders of the Company	本公司權益股東應佔權益總額		5,592,397	4,932,752
Non-controlling interests	非控股權益		265,967	16,255
TOTAL EQUITY	權益總額		5,858,364	4,949,007

Approved and authorised for issue by the board of directors on 29 March 2021.

於2021年3月29日獲董事會批准及授權刊發。

Zeng Yunshu
曾雲樞
Executive Director
and Co-chairman
執行董事兼聯席主席

Yang Sanming
楊三明
Executive Director
and Chief Executive Officer
執行董事兼首席執行官

The notes on pages 98 to 238 form part of these financial statements.

第98至238頁所載附註屬於該等財務報表的一部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 合併權益變動表

for the year ended 31 December 2020
截至2020年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔											
		Share capital	Share premium	PRC statutory reserve	Capital reserve	Reserve-transaction with non-controlling interests	Equity settled share-based payment	Capital redemption reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	中國法定儲備	資本儲備	儲備-與非控股權益的交易	以權益結算以股份支付為基礎的儲備	資本贖回儲備	匯兌儲備	保留利潤	總計	非控股權益	權益總額
		37(c)	37(d)(i)	37(d)(ii)	37(d)(v)	37(d)(vi)	37(d)(iv)		37(d)(iii)				
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
附註		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Balance at 1 January 2019	於2019年1月1日的結餘	31,825	978,266	542,036	1,435,617	(62,466)	-	120	(14,273)	2,326,803	5,237,928	40,063	5,277,991
Changes in equity for 2019	2019年權益變動												
Loss for the year	年內虧損	-	-	-	-	-	-	-	-	(271,221)	(271,221)	(6,064)	(277,285)
Other comprehensive income	其他全面收入	-	-	-	-	-	-	-	(33,955)	-	(33,955)	-	(33,955)
Total comprehensive income	全面收入總額	-	-	-	-	-	-	-	(33,955)	(271,221)	(305,176)	(6,064)	(311,240)
Capital injection by non-controlling interests	非控股權益注資	-	-	-	-	-	-	-	-	-	-	3,800	3,800
Dividends declared to non-controlling interests	宣派予非控股權益的股息	-	-	-	-	-	-	-	-	-	-	(3,000)	(3,000)
Appropriation to PRC statutory reserve	轉撥至中國法定儲備	37(d)(ii)	-	29,570	-	-	-	-	-	(29,570)	-	-	-
Disposal of subsidiaries	出售子公司	-	-	-	-	-	-	-	-	-	-	(18,544)	(18,544)
Balance at 31 December 2019	於2019年12月31日的結餘	31,825	978,266	571,606	1,435,617	(62,466)	-	120	(48,228)	2,026,012	4,932,752	16,255	4,949,007

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 合併權益變動表

for the year ended 31 December 2020
截至2020年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		Attributable to equity shareholders of the Company 本公司權益股東應佔												
		Share capital	Share premium	PRC statutory reserve	Capital reserve	Reserve-transaction with non-controlling interests	Equity settled share-based payment reserve	Capital redemption reserve	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity	
		股本	股份溢價	中國法定儲備	資本儲備	儲備-與非控股權益的交易	以權益結算以股份支付為基礎的儲備	資本贖回儲備	匯兌儲備	保留利潤	總計	非控股權益	權益總額	
Note		37(c)	37(d)(i)	37(d)(ii)	37(d)(iv)	37(d)(vi)	37(d)(iv)		37(d)(iii)					
附註		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Balance at 1 January 2020	於2020年1月1日的結餘	31,825	978,266	571,606	1,435,617	(62,466)	-	120	(48,228)	2,026,012	4,932,752	16,255	4,949,007	
Changes in equity for 2020	2020年權益變動													
Profit for the year	年內溢利	-	-	-	-	-	-	-	-	360,696	360,696	(4,423)	356,273	
Other comprehensive income	其他全面收入	-	-	-	-	-	-	-	82,021	-	82,021	-	82,021	
Total comprehensive income	全面收入總額	-	-	-	-	-	-	-	82,021	360,696	442,717	(4,423)	438,294	
Shares issued	股份發行	37(a)	4,773	210,010	-	-	-	-	-	-	214,783	-	214,783	
Equity settled share-based transactions	以權益結算的股份交易	36	-	-	-	-	8,666	-	-	-	8,666	-	8,666	
Acquisitions of subsidiaries	收購子公司	24(e)	-	-	-	-	-	-	-	-	-	240,614	240,614	
Capital injection by a non-controlling interest	非控股權益注資		-	-	-	-	-	-	-	-	-	24,500	24,500	
Acquisition of additional interest in a subsidiary from a non-controlling interest	自非控股權益購入現有附屬公司的額外權益		-	-	-	(6,521)	-	-	-	-	(6,521)	1,521	(5,000)	
Dividends declared to non-controlling interests	宣派予非控股權益的股息		-	-	-	-	-	-	-	-	-	(12,500)	(12,500)	
Appropriation to PRC statutory reserve	轉撥至中國法定儲備	37(d)(ii)	-	-	48,356	-	-	-	-	(48,356)	-	-	-	
Balance at 31 December 2020	於2020年12月31日的結餘		36,598	1,188,276	619,962	1,435,617	(68,987)	8,666	120	33,793	2,338,352	5,592,397	265,967	5,858,364

The notes on pages 98 to 238 form part of these financial statements.

第98至238頁所載附註屬於該等財務報表的一部分。

CONSOLIDATED CASH FLOW STATEMENT 合併現金流量表

for the year ended 31 December 2020
截至2020年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

		Note 附註	2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Operating activities	經營活動			
Cash generated from operations	經營業務所得現金	24(b)	832,389	898,157
PRC tax paid	已付中國稅項		(245,880)	(365,398)
Net cash generated from operating activities	經營活動所得現金淨額		586,509	532,759
Investing activities	投資活動			
Net cash outflow for acquisitions of subsidiaries	收購子公司的淨現金流出	24(e)	(494,112)	–
Repayment of advances from third parties owed by the acquired subsidiaries	償還被收購公司第三方墊款		(625,220)	–
Payment for loans to third parties	支付第三方借款		(871,914)	–
Proceeds from repayment of loans to third parties	收到第三方貸款還款		555,197	–
Proceeds from disposal of other financial assets	出售其他金融資產所得款項		40,009	361,828
Payment for purchase of other financial assets	購買其他金融資產付款		(36,876)	(437,446)
Proceed from disposal of investment properties	出售投資物業所得款項		25,552	43,731
Interest received	已收利息		29,276	34,970
Payment for purchase of property, plant and equipment	購買物業、廠房及設備付款		(7,131)	(15,748)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		4,366	4,282
Payment for purchase of intangible assets	購買無形資產付款		(1,562)	(1,081)
Net proceeds from repayment of prepayment for investments	償還預付投資成本所得款項淨額		–	149,048
Net cash inflow from disposal of subsidiaries	出售子公司所得淨現金流入		–	259,477
Capital injection in joint ventures	向合營企業注資		–	(6,000)
Net cash (used in)/generated from investing activities	投資活動(使用)/產生的現金淨額		(1,382,415)	393,061

CONSOLIDATED CASH FLOW STATEMENT 合併現金流量表

for the year ended 31 December 2020
截至2020年12月31日止年度
(Expressed in Renminbi)
(以人民幣列示)

			2020	2019
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Financing activities	融資活動			
Proceeds from new bank loans and other borrowings	新增銀行貸款及其他借貸所得款項	24(c)	641,000	609,940
Repayment of bank loans and other borrowings	償還銀行貸款及其他借貸	24(c)	(564,424)	(643,168)
Advances from controlling shareholders	控股股東墊款	24(c)	867,000	-
Proceed from discounted bills	已貼現票據所得	24(c)	300,000	-
Advances from non-controlling interests	非控股股東墊款	24(c)	86,866	-
Repayment of advances from non-controlling interests	償還非控股股東墊款	24(c)	(92,064)	-
Advances from third parties	第三方墊款	24(c)	98,528	-
Repayment of advances from third parties	償還第三方墊款	24(c)	(113,830)	-
Proceeds from parking lots financing arrangements	車位融資安排所得	24(c)	77,075	-
Repayment of corporate bonds	償還公司債券	24(c)	(260,000)	(3,022)
Repayment of senior notes	償還優先票據	24(c)	(323,254)	(425,274)
Proceeds from the issuance of shares	發行股份所得		214,783	-
Net proceeds from the issuance of senior notes	發行優先票據所得款項淨額	24(c)	601,219	566,084
Interest and other borrowing costs paid	已付利息及其他借貸成本	24(c)	(412,661)	(326,817)
Payment for pledged deposits and restricted cash	支付抵押存款及受限制現金		(300,000)	(225,423)
Proceeds from repayment of pledged deposits and restricted cash	償還抵押存款及受限制現金所得		207,340	5,820
Deposits for financial liabilities	金融負債存款		-	(29,021)
Payment for acquisition of additional interest held by a non-controlling interest	支付自非控制股權收購的權益		(5,000)	-
Distribution to a non-controlling interest	已付非控股股東股息		(12,500)	(3,000)
Capital injection by a non-controlling interest to a subsidiary	非控股權益對子公司注資		24,500	3,800
Capital element of lease rentals paid	已付租賃租金的資本部分	24(c)	(5,554)	(6,522)
Interest element of lease rentals paid	已付租賃租金的利息部分	24(c)	(4,158)	(3,934)
Net cash generated from/(used in) financing activities	融資活動產生/(使用)的現金淨額		1,024,866	(480,537)
Net increase in cash and cash equivalents	現金及現金等值物增加淨額		228,960	445,283
Cash and cash equivalents at 1 January	於1月1日的現金及現金等值物	24	1,571,204	1,123,145
Effect of foreign exchange rate changes	外匯匯率變動的影響		(16,929)	2,776
Cash and cash equivalents at 31 December	於12月31日的現金及現金等值物	24	1,783,235	1,571,204

The notes on pages 98 to 238 form part of these financial statements.

第98至238頁所載附註屬於該等財務報表的一部分。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in an associate and joint ventures.

These financial statements are presented in Renminbi (“RMB”) rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- equity investments other than investments in subsidiaries, associates and joint ventures (see note 1(g));

1 重大會計政策

(a) 合規聲明

此等財務報表已根據國際會計準則理事會(「國際會計準則理事會」)所頒佈之所有適用國際財務報告準則(「國際財務報告準則」)(此統稱包括所有適用的個別國際財務報告準則、國際會計準則(「國際會計準則」)及詮釋)及香港公司條例披露規定編製。此等財務報表亦符合香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)之適用披露規定。本集團所採納的重大會計政策載於下文。

國際會計準則理事會已頒佈若干新訂及經修訂的國際財務報告準則，該等準則於本集團及本公司當前會計期間首次生效或可提早採納。附註1(c)載列在與該等財務報表所呈列與本集團當前及過往會計期間有關的範圍內，因首次採用該等變更而導致會計政策任何變更的資料。

(b) 財務報表的編製基準

截至2020年12月31日止年度的合併財務報表涵蓋本公司及其各子公司(統稱「本集團」)及本集團於聯營企業和合營企業之權益。

該等財務報表以人民幣呈列，約整至最接近千元計算。按下文會計政策所述，編製財務報表時以歷史成本作為計量基準，惟以下資產及負債按公允值列賬：

- 除投資於附屬公司、聯營公司及合營公司外的權益投資(附註1(g))；

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of preparation of the financial statements (Cont'd)

- other investments in debt and equity securities and amounts due from an associate (non-current) (see note 1(g));
- derivative financial instruments (see note 1(h));
- investment properties, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest (see note 1(i)); and
- other financial liabilities (see note 1(v)(ii)).

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 1(z)).

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

1 重大會計政策(續)

(b) 財務報表的編製基準(續)

- 其他債務和權益證券投資以及應收聯營公司款項(非流動)(附註1(g))；
- 衍生金融工具(附註1(h))；
- 投資物業，包括本集團作為物業權益的註冊擁有人租賃的持作投資物業的土地和建築物的權益(附註1(i))；及
- 其他金融負債(附註1(v)(ii))。

持作待售的非流動資產按賬面值與公允減值減出售成本之較低者列賬(見附註1(z))。

管理層在編製符合國際財務報告準則的財務報表時，須作出對政策的應用及資產、負債、收入及支出的呈報金額造成影響的判斷、估計及假設。估計及相關假設根據過往經驗及於所有情況下視為合理的多種其他因素作出，其結果成為管理層在無法依循其他途徑即時得知資產及負債的賬面值時作出判斷的依據。實際結果可能有別於該等估計。

管理層持續審核該等估計及相關假設。倘會計估計的修訂僅對作出修訂的期間產生影響，則有關修訂會在該期間內予以確認；倘該項修訂對當前及未來期間均有影響，則在作出修訂的期間及未來期間均予以確認。

管理層在採用國際財務報告準則時所作出對財務報表有重大影響之判斷及估計不確定因素之主要來源於附註2討論。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IFRS 3, *Definition of a Business*
- Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest Rate Benchmark Reform*
- Amendments to IAS 1 and IAS 8, *Definition of material*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period except for the amendment to IFRS 16, *COVID-19-Related Rent Concessions*, which provides a practical expedient that allows lessees not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

1 重大會計政策(續)

(c) 會計政策的變動

國際會計準則理事會已頒佈國際財務報告準則若干修訂。這些修訂在本集團的本會計期間首次生效：

- 國際財務報告準則第3號修正「對商業的定義」
- 國際財務報告準則第9號、第39號及第7號「利率基準改革」
- 對國際財務報告準則第1號及第8號的修正「對重要性的定義」

以上國際財務報告準則新修訂本均未對財務報告編製及列報本集團本期或以前期間的業績和財務狀況產生重大影響。本集團未採用任何在本會計期間尚未生效的新準則或解釋，但國際財務報告準則第16號(修訂本)，*新冠肺炎相關租金減免*除外，該修訂本提供了簡化的實務處理方法，允許承租人選擇不對某些由於新冠肺炎疫情直接影響產生的符合條件的租金減免是否屬於租賃變更進行評估，取而代之的是，允許其採用與非租賃變更的租金變化相同的會計處理方法。

(d) 子公司及非控股權益

子公司是由本集團控制的實體。倘本集團因參與一家公司的業務而可或有權獲得可變回報，且能藉對該公司行使權力而影響該等回報時，則視為本集團對該公司擁有控制權。評估本集團是否有權力時，僅考慮本集團及其他各方持有的實質權利。

於子公司的投資自控制權開始日期起至控制權終止日期止計入合併財務報表。集團內公司間的結餘、交易及現金流量以及集團內公司間交易所產生的任何未變現利潤，在編製合併財務報表時均全數抵銷。集團內公司間交易所產生的未變現虧損則僅在並無出現減值跡象的情況下以與抵銷未變現收益相同的方法予以抵銷。

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(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Subsidiaries and non-controlling interests (Cont'd)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(q) or (r) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)) or, when appropriate, the cost on initial recognition of an investment in an associate and joint venture (see note 1(e)).

1 重大會計政策(續)

(d) 子公司及非控股權益(續)

非控股權益指本公司並非直接或間接應佔的子公司權益，且本集團並未同意與該等權益持有人增訂條款而導致本集團整體須就該等權益符合金融負債定義承擔合約責任。對各業務合併而言，本集團可選擇以公允值或按非控股權益所佔子公司可識別資產淨值的比例計量任何非控股權益。

非控股權益於合併財務狀況表的權益內與本公司權益股東應佔權益分開呈列。本集團業績的非控股權益在合併損益表及合併損益及其他全面收入表賬面呈列為年內損益總額及全面收入總額在非控股權益與本公司權益股東之間的分配。非控股權益持有人的貸款及對該等持有人所負的其他合約責任視乎負債性質，根據附註1(q)或(r)於合併財務狀況表中呈列為金融負債。

倘本集團於子公司的權益變動並未導致失去控制權，則入賬列作股權交易，而合併權益內控股及非控股權益的金額會就此作出調整，以反映相關權益的變動，但商譽不會作出調整且不會確認損益。

當本集團失去對一間子公司的控制權，則入賬列作出售該子公司的全部權益，因此產生的收益或虧損會於損益確認。於失去控制權之日在該前子公司保留的任何權益按公允值確認，且有關金額視為初步確認金融資產時的公允值(見附註1(g))，或(如適用)初步確認於聯營企業及合營企業投資時的成本(見附註1(e))。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Subsidiaries and non-controlling interests (Cont'd)

In the Company's statement of financial position, investment in a subsidiary is stated at cost less impairment losses (see note 1(m)).

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1(f) and (m)(iii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

1 重大會計政策(續)

(d) 子公司及非控股權益(續)

在本公司的財務狀況表內，於子公司的投資按成本減減值虧損列賬(見附註1(m))。

(e) 聯營企業及合營企業

聯營企業是指集團或公司對其管理層(包括參與財務和經營政策決策)有重大影響力，但不包括控制權或共同控制權的實體。

合營企業是一項安排，據此，本集團或本公司與其他方在合約上協定分享此項安排的控制權，並有權擁有其淨資產。

於聯營企業或合營企業的投資以權益法於合併財務報表入賬。根據權益法，投資初步按成本列賬，其後就本集團應佔該被投資公司的可識別資產淨值的收購日期公允價值超出投資成本的任何部分(如有)作出調整。投資成本包括購買價、收購投資直接應佔的其他成本及構成本集團股權投資一部份的於聯營企業或合營企業的任何直接投資。其後，就本集團應佔該被投資公司的資產淨值的收購後變動及與投資相關的任何減值虧損(見附註1(f)及(m)(iii))作出調整。收購日期超出成本的任何部分、本集團年內應佔被投資公司的收購後稅後業績及任何減值虧損於合併損益表內確認，而本集團應佔被投資公司的其他全面收入的收購後稅後項目則於合併損益及其他全面收入表內確認。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Associates and joint ventures (Cont'd)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see note 1(m)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(g)).

1 重大會計政策(續)

(e) 聯營企業及合營企業(續)

當本集團應佔一間聯營企業或合營企業的虧損超出其於該企業的權益時，本集團的權益扣減至零並會終止確認進一步虧損，但本集團產生法定或推定責任或代表被投資公司付款則除外。就此而言，本集團的權益為以權益法入賬的投資賬面值，連同實質上屬本集團於聯營企業或合營企業投資淨額一部分的長期權益(於將預期信用損失模型應用於此等其他長期權益後(如有)，見附註1(m)(i))。

本集團與聯營企業及合營企業進行交易產生的未變現利潤及虧損將以本集團於被投資公司的權益為限予以對銷，除非該未變現虧損證明已轉讓資產出現減值，在此情況下，則即時於損益內確認相關虧損。

倘於一家聯營企業的投資成為於一家合營企業的投資(反之亦然)，則保留權益不會重新計量。而是該投資繼續按權益法進行入賬。

在所有其他情況下，當本集團不再對聯營企業有重大影響或對合營企業擁有共同控制權時，則按出售於被投資公司的全部權益入賬，所產生之收益或虧損於損益中確認。任何於喪失重大影響或共同控制權當日在前被投資公司保留的權益按公允值確認及該金額被視為於初步確認金融資產的公允值(見附註1(g))。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(m)(iii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value, plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVTPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 38(f). These investments are subsequently accounted for as follows, depending on their classification.

1 重大會計政策(續)

(f) 商譽

商譽指(i)超過(ii)的差額：

- (i) 所轉讓對價的公允值、於被收購公司的任何非控股權益金額及本集團先前於被收購公司持有的股本權益公允值的總和；
- (ii) 被收購公司的可識別資產及負債於收購當日計量的公允淨值。

當(ii)較(i)為大，則該超出數額即時在損益表內確認為議價收購的收益。

商譽按成本減累計減值虧損列賬。來自業務合併的商譽將分配至預期可受惠於合併協同效益的現金產生單位或現金產生單位組合，並會每年進行減值測試(見附註1(m)(iii))。

年內出售現金產生單位時，已將所購入商譽的任何應佔金額計入出售損益內。

(g) 其他債務和權益證券投資

本集團對債務和權益證券投資(除對子公司、聯營企業及合營企業的投資外)政策載列如下。

債務和權益證券投資於本公司承諾購買/出售該投資之日予以確認/終止確認。該等投資初始按公允值加直接應佔交易成本列賬，惟按公允值計量且其變動計入當期損益的有關投資除外，有關本集團如何釐定金融工具公允值的解釋，請參閱附註38(f)。該等投資(視乎分類)隨後按下列方式列賬。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Other investments in debt and equity securities (Cont'd)

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 1(w)(vi)).
- fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- fair value at profit or loss (FVTPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

1 重大會計政策(續)

(g) 其他債務和權益證券投資(續)

(i) 權益投資以外的投資

本集團持有的非權益投資分類為下列計量類別之一：

- 攤銷成本，倘持有投資的目的為收取合約現金流量，即純粹為獲得本金及利息付款。投資所得利息收入乃使用實際利率法計算（見附註1(w)(vi)）。
- 通過按公允值計量且其變動計入其他全面收益（可劃轉），倘該投資的合約現金流量包括僅為本金和利息的支付，且持有該投資所屬的商業模式目標是通過收取合約現金流量及出售來實現。公允值變動計入其他全面收益，但預計信用損失的損益、利息收入（採用實際利率法計算）和匯兌收益和虧損的確認的除外。當終止確認投資時，在其他全面收入中累計的金額將從權益轉回至損益。
- 倘投資不符合按攤銷成本計量或按公允值計入其他全面收入（可劃轉）的標準則按公允值計量且其變動計入當期損益。投資的公允值變動（包括利息）於損益確認。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Other investments in debt and equity securities (Cont'd)

(ii) Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 1(w)(v).

(h) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

1 重大會計政策(續)

(g) 其他債務和權益證券投資(續)

(ii) 權益投資

權益證券投資分類為按公允值計量且其變動計入當期損益的金融資產，除非權益投資並非持作買賣用途，且於初次確認投資時，本集團不可撤銷地選擇指定投資為按公允值計入其他全面收入(不可劃轉)，以致公允值的後續變動於其他全面收入確認。有關選擇以個別工具為基準作出，惟僅會在發行人認為投資符合股本的定義的情況下作出。作出有關選擇後，於其他全面收入內累計的金額仍將保留在公允值儲備(不可劃轉)內直至投資出售為止。出售時，於公允值儲備(不可劃轉)內累計的金額轉撥至保留盈利，且不會劃轉至損益。股本證券投資的股息(不論分類為按公允值計量且其變動計入當期損益或按公允值計入其他全面收入)根據附註1(w)(v)所載政策於損益內確認為其他收入。

(h) 衍生金融工具

衍生金融工具按公允值確認，於各報告期末重新計量公允值。重新計量公允值的收益或虧損即時於損益確認。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(l)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(w)(ii).

In the comparative period, when the Group held a property interest under an operating lease and used the property to earn rental income and/or for capital appreciation, the Group could elect on a property-by-property basis to classify and account for such interest as an investment property. Any such property interest which had been classified as an investment property was accounted for as if it were held under a finance lease (see note 1(l)), and the same accounting policies were applied to that interest as were applied to other investment properties leased under finance leases. Lease payments were accounted for as described in note 1(l).

(j) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(m)(iii)).

- interest in leasehold land and buildings where the Group is the registered owner of the property interest (see note 1(l)).
- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest.

1 重大會計政策(續)

(i) 投資物業

投資物業是指為賺取租金收入及／或為資本增值而以租賃權益(見附註1(l))擁有或持有的土地及／或建築物，當中包括就當前尚未確定未來用途持有的土地及正在建造或開發以供日後用作投資物業的物業。

投資物業按公允價值列賬，除非於報告期末仍在建造或開發且不能可靠確定公允價值。投資物業公允價值的變動，或報廢或處置投資物業所產生的任何收益或虧損均於損益中確認。投資物業的租金收入按照附註1(w)(ii)所述方式入賬。

於比較期間，當本集團以經營租賃持有物業權益並利用該物業賺取租金收入及／或為資本增值，本集團可選擇按每項物業的基準將該等權益分類並入賬為投資物業。任何此等已分類為投資物業的物業權益的入賬方式猶如根據融資租賃所持有的權益(見附註1(l))，而其適用的會計政策亦與根據融資租賃所租賃的其他投資物業相同。租賃付款按附註1(l)所述入賬。

(j) 物業、廠房及設備

以下物業、廠房及設備項目按成本減累計折舊及減值虧損(見附註1(m)(iii))列賬。

- 於本集團作為物業權益的註冊擁有人租賃的土地和建築物中的權益(見附註1(l))。
- 本集團並非作為物業權益的註冊擁有人租賃物業相關的租賃所產生的使用權資產。

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(Expressed in Renminbi unless otherwise indicated)
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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Property, plant and equipment (Cont'd)

The cost of self-constructed items of property, plant and equipment includes the cost materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(y)).

Construction in progress is transferred to property, plant and equipment when it is ready for its intended use. No depreciation is provided against construction in progress.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the consolidated statement of profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

		Years	Estimated residual value as a percentage of costs
		年期	估計剩餘價值佔成本百分比
Ownership interests in land and buildings	土地和建築物的所有權權益	20-40	0%
Motor vehicles	汽車	4	5%
Office equipment	辦公設備	3-5	5%
Other properties leased	其他租賃物業	2-8	0%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

1 重大會計政策(續)

(j) 物業、廠房及設備(續)

自建物業、廠房及設備項目的成本包括材料成本、直接勞工成本以及拆卸及搬遷項目與恢復項目所在地原貌的初步估計成本(如有關)及適當比例的間接生產成本及借貸成本(見附註1(y))。

當在建工程可作擬定用途時，轉為物業、廠房及設備。在建工程不計提折舊。

報廢或出售物業、廠房及設備項目所產生的收益或虧損按出售所得款項淨額與該項目賬面值的差額釐定，並於報廢或出售當日的合併損益表確認。

折舊是採用直線法按估計可使用年期撇銷物業、廠房及設備項目的成本並扣除其估計剩餘價值(如有)計算，詳情如下：

	Years	Estimated residual value as a percentage of costs
	年期	估計剩餘價值佔成本百分比

倘物業、廠房及設備項目各部分的可使用年期不同，該項目的成本按合理基準於各部分之間分配，且各部分單獨折舊。資產的可使用年期及其剩餘價值(如有)均每年進行審閱。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(m)(iii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated/contracted useful lives are as follows:

Software	5–10 years
Franchises granted	15 years

Both the period and method of amortisation are reviewed annually.

(l) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

1 重大會計政策(續)

(k) 無形資產(商譽除外)

本集團所收購的無形資產以成本減累計攤銷(當估計可使用年期有限時)及減值虧損(見附註1(m)(iii))列賬。

具有有限可使用年期的無形資產攤銷按資產估計可使用年期於損益內以直線法攤銷。以下具有有限可使用年期的無形資產於其可供使用當日起攤銷，其估計/合約可使用年期如下：

軟件	5–10年
特許經營權	15年

攤銷期間及方法均每年進行審核。

(l) 租賃資產

在合同開始時，本集團評估合同是否為或包含租賃。如果合同轉讓了在一段時間內對已確認資產的使用進行控制的權利以換取對價，則合同即為或包含租賃。當客戶既有權指導使用已確認資產，又有權從該使用中獲得實質上所有的經濟利益時，控制權即被轉移。

(i) 作為承租人

若合同同時包含租賃組成部分和非租賃組成部分，本集團選擇不拆分非租賃組成部分，而將各個租賃組成部分和與其相關的非租賃組成部分作為單一的租賃組成部分進行會計處理。

本集團於租賃開始日確認使用權資產和租賃負債，惟租賃期為12個月或以下的短期租賃及低價值資產租賃(就本集團而言，主要為筆記本電腦及辦公家具)除外。當本集團就一項低價值資產訂立了一項租賃安排，本集團以每一項租賃為基礎決定是否將該租賃予以資本化。與未進行資本化的租賃相關的租賃付款額於整個租賃期內系統地確認為費用。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(j) and 1(m)(iii)), except for the following types of right-of-use asset:

- right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 1(i); and
- right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with note 1(n).

1 重大會計政策(續)

(I) 租賃資產(續)

(i) 作為承租人(續)

若租賃被資本化，租賃負債按照租賃期內的應付租賃付款額按租賃內含利率(若租賃內含利率無法直接確定，則使用相關的增量借款利率)折現後的現值進行初始確認。初始確認後，租賃負債按攤餘成本計量，並採用實際利率法計算利息費用。不取決於指數或比率的可變租賃付款額不納入租賃負債的計量，因此在其發生的會計期間內在損益中列支。

在租賃被予以資本化時確認的使用權資產按成本初始計量。使用權資產的成本包括租賃負債的初始金額，加上在租賃期開始日或之前支付的租賃付款額以及已發生的初始直接費用。在適用情況下，使用權資產的成本還包括拆卸及移除標的資產、復原標的資產或其所在場所估計將發生的成本折現後的現值，減去收到的租賃激勵。使用權資產後續按成本減去累計折舊和減值損失後的金額列賬(見附註1(j)和1(m)(iii))，惟以下類別的使用權資產除外：

- 符合投資物業定義的使用權資產按照附註1(i)以公允價值計量；以及
- 與作為存貨持有的租賃土地權益相關的使用權資產根據附註1(n)以成本與可變現淨值兩者中的較低額列賬。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Leased assets (Cont'd)

(i) As a lessee (Cont'd)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

1 重大會計政策(續)

(I) 租賃資產(續)

(i) 作為承租人(續)

倘指數或比率變化導致未來租賃付款額發生變動，或者本集團根據餘值擔保估計的應付金額發生變動，或者對於本集團是否合理確定將行使購買、續租或終止租賃選擇權的重估結果發生變化，則應重新計量租賃負債。尚在這種情況下重新計量租賃負債，應對使用權資產的賬面值作出相應調整；倘使用權資產的賬面值已減至零，則將相關調整計入損益。

當租賃範圍或租賃對價發生變化(「租賃變更」)，且未作為單獨租賃入帳，則租賃負債也應重新計量。在這種情況下，根據修改後的租賃付款和租賃期限，使用修改生效日的修改後貼現率重新計量租賃負債。唯一例外情況為由於新冠肺炎疫情的直接後果而產生的、符合國際財務報告準則第16號第46B段規定的條件的任何租金優惠，該情況為本集團利用了國際財務報告準則第16號第46A段中規定的簡化的實務處理辦法，將對價變動視為非租賃變更。

在合併財務狀況表中，長期租賃負債的流動部分被確定為應在報告期後十二個月內結算的合同付款的現值。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Leased assets (Cont'd)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(w)(iv).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 1(l)(i), then the Group classifies the sub-lease as an operating lease.

1 重大會計政策(續)

(I) 租賃資產(續)

(ii) 作為出租人

本集團作為出租人時，本集團會於租賃開始日確定各項租賃是融資租賃還是經營租賃。倘租賃使標的資產所有權相關的絕大部分風險及回報實質上轉移至承租人，則此項租賃分類為融資租賃。否則，該租賃被劃歸為經營租賃。

如果合約包含租賃部分和非租賃部分時，本集團根據相對獨立銷售價格基準，將合約的對價分攤至各租賃組成部分。經營租賃的租金收入根據附註1(w)(iv)確認。

當本集團乃中間出租人時，本集團將根據主租賃產生的使用權資產，將轉租賃分類為融資租賃或經營租賃。如果主租賃屬本集團應用附註1(l)(i)所述確認豁免的短期租賃，則本集團將該轉租賃分類為經營租賃。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including restricted and pledged cash, cash and cash equivalents, trade and other receivables, including loans to the third parties, which are held for the collection of contractual cash flows which represent solely payments of principal and interest); and
- lease receivables.

Other financial assets measured at fair value, including equity investments measured at FVTPL, amounts due from an associate, wealth management products and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate; and
- lease receivables: discount rate used in the measurement of the lease receivable.

1 重大會計政策(續)

(m) 信用虧損及資產減值

(i) 金融工具及租賃應收款項的信用虧損

本集團對下列項目確認預期信用虧損的虧損撥備：

- 按攤銷成本計量的金融資產(包括受限制及已抵押現金、現金及現金等值物、貿易及其他應收款項，包括給予第三方的貸款，該貸款旨在收取僅為支付本金和利息所產生的合約現金流量而持有)；及
- 租賃應收款項。

按公允值計量的其他金融資產(包括按公允值計量且其變動計入當期損益計量的權益投資、應收一間聯營企業款項理財產品及衍生金融資產)毋須進行預期信用虧損評估。

預期信用虧損計量

預期信用虧損為信用虧損的概率加權估計。信用虧損是以所有已預計現金短缺的現值計量(例：根據合約，尚欠本集團的現金流量及其集團預計得到的現金流量之間的差異)。

倘貼現影響重大，則預期現金差額將採用以下貼現率貼現：

- 定息金融資產、貿易及其他應收款項：於初步確認時釐定的實際利率或其近似值；
- 浮息金融資產：即期實際利率；及
- 租賃應收款項：計算租賃應收款項所用貼現率。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Measurement of ECLs (Cont'd)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to lifetime ECLs.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

預期信用虧損計量(續)

估計預期信用虧損時所考慮的最長期間為本集團面對信用風險的最長合約期間。

於計量預期信用虧損時，本集團會考慮在毋需付出過多成本及努力下即可獲得的合理可靠資料。此項包括有關過往事件、現時狀況及未來經濟狀況預測的資料。

預期信用虧損將採用以下基準計量：

- 12個月預期信用虧損：指報告日期後12個月內可能發生的違約事件而導致的預期虧損；及
- 整個有效期的預期信用虧損：指預期信用虧損模型適用項目的預計年內內所有可能違約事件而導致的預期虧損。

貿易應收款項及租賃應收款項的虧損撥備一般按等同於整個有效期的預期信用虧損的金額計量。於報告日期，該等金融資產的預期信用虧損乃根據本集團的歷史信用虧損經驗使用提列矩陣進行評估，根據債務人的特定因素及對當前及預計一般經濟狀況的評估進行調整。

就所有其他金融工具而言，本集團確認相當於整個有效期的預期信用虧損的金額計量。

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising investments (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

信用風險大幅上升

評估金融工具(包括貸款承擔)的信用風險自初始確認以來有否大幅上升時，本集團會比較於報告日期及於初始確認日期評估的金融工具發生違約的風險。於重新評估時，本集團認為，倘(i)借款人不大可能在本集團無追索權採取變現抵押(如持有)等行動的情況下向本集團悉數支付其信貸債務；或(ii)金融資產已逾期90日，則構成違約事件。本集團會考慮合理可靠的定量及定性資料，包括過往經驗及在毋需付出過多成本或努力即可獲得的前瞻性資料。

具體而言，評估信用風險自初始確認以來有否大幅上升時會考慮以下資料：

- 未能按合約到期日期支付本金或利息；
- 金融工具外部或內部信用測評的實際或預期顯著惡化(如適用)；
- 債務人經營業績的實際或預期顯著惡化；及
- 科技、市場、經濟或法律環境的目前或預期變動對債務人履行其對本集團責任的能力有重大不利影響。

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(Expressed in Renminbi unless otherwise indicated)
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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Significant increases in credit risk (Cont'd)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt investments that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 1(w)(vi) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

信用風險大幅上升(續)

取決於金融工具的性质，信用風險大幅上升的評估乃按個別基準或共同基準進行。倘評估為按共同基準進行，金融工具則按共同的信用風險特徵(如逾期狀況及信用風險評級)進行分組。

預期信用虧損於各報告日期進行重新計量以反映金融工具自初步確認以來的信用風險變動。預期信用虧損的任何變動均於損益確認為減值收益或虧損。本集團就所有金融工具確認減值收益或虧損，並通過虧損撥備賬對彼等之賬面值作出相應調整，惟按公平價值計入其他全面收入計量的債務投資(可劃轉)除外，該等投資的虧損撥備乃於其他全面收入確認並於公平價值撥回(可劃轉)中累計。

利息收入的計算基準

根據附註1(w)(vi)利息收入按金融資產的總賬面值計算，除非該金融資產出現信貸減值，在此情況下，利息收入按金融資產的攤銷成本(即總賬面值減虧損撥備)計算。

於各報告日期，本集團評估金融資產是否出現信貸減值。當發生一項或多項對金融資產估計未來現金流量有不利影響的事件時，金融資產出現信貸減值。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(i) Credit losses from financial instruments and lease receivables (Cont'd)

Basis of calculation of interest income (Cont'd)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset and lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(i) 金融工具及租賃應收款項的信用虧損(續)

利息收入的計算基準(續)

金融資產信用減值的證據包括以下可觀察事件：

- 債務人出現嚴重財務困難；
- 違反合約，如欠繳或拖欠利息或本金付款；
- 借款人很有可能將告破產或進行其他財務重組；
- 科技、市場、經濟或法律環境出現重大變動，對債務人有不利影響；或
- 由於發行人出現財務困難，證券的活躍市場消失。

撇銷政策

若日後實際上不可收回款項，本集團則會撇銷(部分或全部)金融資產的總賬面值。該情況通常出現在本集團確定債務人沒有資產或可產生足夠現金流量的收入來源來償還應撇銷的金額。

隨後收回先前撇銷之資產於收回期間在損益表中確認為減值撥回。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within “trade and other payables” at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in “trade and other payables” in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(ii) 已發出財務擔保的信用虧損

財務擔保指要求發行人(即擔保人)支付指定款項以向擔保受益人(「持有人」)賠償因指定債務人未能根據債務工具之條款支付到期款項而導致持有人蒙受損失的合約。

已發出的財務擔保初步於「貿易及其他應付款項」中按公允值確認，而該等公允值乃經比較貸方於有擔保下收取的實際利率與於如並無擔保下貸方應收取的估計利率(倘關資料可作出可靠估計)後，參考類似服務的公平交易中所收取的費用(於可獲得該等資料時)或利率差異而釐定。倘於發出該擔保時收取或可收取代價，該代價則根據本集團適用於該類資產的政策而予確認。倘有關代價尚未收取或應予收取，即時開支於損益中確認。

於初始確認後，初始確認為遞延收入的金額於擔保期內按實際利率法於損益中攤銷為已發出財務擔保的收入。

本集團監察特定債務人違約的風險，並當財務擔保的預期信用虧損確定為高於擔保的「貿易及其他應付款項」中的金額(即初始確認金額減累計攤銷)時確認撥備。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(ii) Credit losses from financial guarantees issued (Cont'd)

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(m)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets (other than property carried at revalued amounts);
- intangible assets;
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(ii) 已發出財務擔保的信用虧損(續)

為釐定預期信用虧損，本集團會考慮指定債務人自發出擔保以來的違約風險變動，並會計量12個月的預期信用虧損，惟在指定債務人自發出擔保以來的違約風險大幅增加的情況下除外，在此情況下，則會計量整個存續期的預期信用虧損。附註1(m)(i)所述的相同違約定義及信貸風險大幅增加的相同評估標準適用於此。

由於本集團僅須於根據獲擔保工具的條款指定債務人違約時作出付款，故預期信用虧損乃按預期就補償持有人產生的信用虧損而作出的付款，減本集團預期從擔保持有人（指定債務人或任何其他人士）收取的任何款項估計。有關金額其後將使用現時的無風險利率貼現，並就現金流量的特定風險作出調整。

(iii) 其他非流動資產減值

本集團會在各報告期末審核內部及外界資料，以識別是否有跡象顯示下列資產(除商譽外)可能出現減值或過往確認的減值虧損已不再存在或可能已減少：

- 物業、廠房及設備，包括使用權資產(按重估數額列賬的物業除外)；
- 無形資產；
- 商譽；及
- 在本公司的財務狀況表內對子公司投資。

若存在上述任何跡象，則會估計有關資產的可收回金額。此外，就商譽而言，每年估計可收回金額，不論是否有減值跡象。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(iii) Impairment of other non-current assets (Cont'd)

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(iii) 其他非流動資產減值(續)

– 計算可收回金額

資產可收回金額為其公允價值減處置成本與使用價值兩者中的較高者。在評估使用價值時，估計未來現金流量會使用可反映當時市場對貨幣時間值及資產特定風險的評估的稅前貼現率，貼現至其現值。倘資產所產生現金流入並非基本上獨立於其他資產所產生者，則以能獨立產生現金流入的最小資產組別(即現金產生單位)釐定可收回金額。

– 確認減值虧損

當資產或其所屬現金產生單位的賬面值超過其可收回金額時，減值虧損於損益確認。就現金產生單位確認的減值虧損，會首先分配以減少分配予該現金產生單位(或該組單位)的任何商譽的賬面值，然後按比例減少該單位(或該組單位)內其他資產的賬面值，但資產賬面值不會減至低於其個別的公允價值減處置成本(如可計量)或使用價值(如能釐定)。

– 撥回減值虧損

有關非商譽資產，倘用作釐定可收回金額的估計出現有利變化，則會撥回減值虧損。商譽的減值虧損不會撥回。

減值虧損的撥回僅限於過往年度並未確認減值虧損而應釐定的資產賬面值。所撥回減值虧損在確認撥回的年度計入損益。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Credit losses and impairment of assets (Cont'd)

(iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(m)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(n) Inventories and other contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value as follows:

– Property development

Cost and net realisable values are determined as follows:

- Leasehold land held for future development for sale
The cost of leasehold land, which is held for development for sale, represents the cost of acquisition and the premium, if any, payable to the relevant government authorities. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

1 重大會計政策(續)

(m) 信用虧損及資產減值(續)

(iv) 中期財務報告及減值

根據香港聯合交易所有限公司證券上市規則，本集團須按國際會計準則第34號中期財務報告編製財政年度首六個月的中期財務報告。本集團於中期期末採用與財政年度年末相同的減值測試、確認及撥回標準(見附註1(m)(i)及(ii))。

於中期期間就商譽確認的減值虧損不會於其後期間撥回(即使在與該中期期間相關的財政年度年末時並無或只有少數減值虧損需要確認的情況下)。

(n) 存貨及其他合約成本

(i) 存貨

存貨是指日常業務過程中持有以作銷售、處在為該等銷售的生產過程中，或在生產過程中或提供服務時耗用的材料或物料形式持有的資產。

存貨以成本值及可變現淨值兩者中的較低者入賬。

– 物業開發

成本及可變現淨額釐定如下：

- 為將來發展而持有以供出售的批租土地
持有待售的批租土地的成本，是指取得土地的成本，以及向有關政府當局支付的溢價(如有的話)。可變現淨值是根據當時的市場狀況，參照管理層的估計確定的。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Inventories and other contract costs (Cont'd)

(i) Inventories (Cont'd)

- Property development (Cont'd)

- Properties under development for sale

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of interests in freehold and leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 1(y)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

- Completed properties held for sale

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

In the case of completed properties developed by the Group which comprise of multiple units which are sold individually, the cost of each unit is determined by apportionment of the total development costs for that development project to each unit on a per square foot basis, unless another basis is more representative of the cost of the specific unit. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

1 重大會計政策(續)

(n) 存貨及其他合約成本(續)

(i) 存貨(續)

- 物業開發(續)

- 待售在建物業

待售在建物業的成本包括已明確識別的成本，包括於自由保有及租賃土地中的權益的收購成本、發展、物料及供應品總成本、工資及其他直接開支、適當比例之間接費用及資本化借款成本(見附註1(y))。可變現淨值為估計售價減估計完工成本及出售物業所產生的成本後的金額。

- 持作待售已完工物業

持作出售已完工物業的成本包括所有購買成本、轉換成本以及將存貨運往現時位置及達至現狀所產生的其他成本。

倘已完工物業由本集團發展及包括多個單獨出售的單位，則每個單位的成本按該發展項目的發展總成本根據每平方呎基準分配至每個單位而釐定，除非另有基準較能反映指定單位的成本。可變現淨值為估計售價減為售出物業而產生的成本後的金額。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Inventories and other contract costs (Cont'd)

(i) Inventories (Cont'd)

– Other inventories

Other inventories mainly include low-value consumption goods and goods for sale. They are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1 重大會計政策(續)

(n) 存貨及其他合約成本(續)

(i) 存貨(續)

– 其他存貨

其他存貨主要包括低值易耗品及待售品。其他存貨按成本及可變現淨值兩者中的較低者入賬。

成本利用加權平均成本公式計算，並包括所有購買成本、轉換成本以及將存貨運至目前地點及使其達到現狀所產生的其他成本。

可變現淨值為一般業務過程中的估計售價減竣工的估計成本及銷售所需的估計成本。

存貨一經出售，其賬面值在相應收入的確認期間內確認為開支。

將任何存貨撇減至可變現淨值的金額及所有存貨虧損於撇減或虧損發生期內確認為開支。存貨的任何撇減撥回金額在出現撥回期間確認為已確認開支的存貨扣減。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Inventories and other contract costs (Cont'd)

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(n)(i)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (e.g. an incremental sales commission). Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 1(w).

1 重大會計政策(續)

(n) 存貨及其他合約成本(續)

(ii) 其他合約成本

其他合約成本是取得客戶合約的增量成本或履行客戶合約的成本，其並無撥充資本為存貨(見附註1(n)(i))。

取得合約的增量成本為本集團就取得客戶合約而產生，倘未能取得合約則不會產生的成本(例如增量銷售佣金)。倘有關收益的成本將在未來報告期內確認，而成本預期可收回，取得合約的增量成本於產生時會撥充資本。取得合約的其他成本在產生時支出。

倘履行合約的成本與現有合約或可識別的預期合約直接有關；產生或提升將於未來用於提供產品或服務的資源；並預期可收回，則會撥充資本。與現有合約或可識別的預期合約直接有關的成本可能包括直接勞工、直接材料、成本分配、明確向客人收取的成本及僅由於本集團訂立合約而產生的其他成本(例如向分包商支付款項)。其他履行客戶合約的成本(其並無撥充資本為存貨或物業、廠房及設備或無形資產)在產生時支銷。

撥充資本的合約成本按成本減累計攤銷及減值虧損列賬。倘合約成本資產賬面值超過(i)本集團預期收取以交換有關該資產的產品或服務的餘下代價金額，減(ii)任何直接有關提供該等產品或服務，而未確認為開支的成本的淨額，則會確認減值虧損。

當與資產有關的收益獲確認時，撥充資本的合約成本攤銷將自損益扣除。收益確認的會計政策載於附註1(w)。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(o) Contracts liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(w)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(p)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(w)).

(p) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(m)(i)).

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(y)).

(r) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

1 重大會計政策(續)

(o) 合約負債

合約負債乃於客戶在本集團確認相關收益前支付代價時確認(見附註1(w))。倘本集團於本集團確認相關收益前有無條件接納代價的權利，則合約負債亦將予以確認。於此情況下，相應的應收款項亦將予以確認(見附註1(p))。

合約計及重大融資成分時，合約結餘計入按實際利率法累計的利息(見附註1(w))。

(p) 貿易及其他應收款項

應收款項於本集團有無條件權利收取代價時予以確認。倘代價僅隨時間推移即會成為到期應付，則收取代價的權利為無條件。倘收益於本集團擁有無條件權利收取代價前已予確認，則該金額呈列為合約資產。

應收款項以實際利率法減信用虧損撥備按攤銷成本列賬(見附註1(m)(i))。

(q) 計息借貸

計息借貸初步按公允值減應佔交易成本計量。出售確認後，計息借款採用實際利率法按攤銷成本列賬。利息開支根據本集團借款成本的會計政策予以確認(見附註1(y))。

(r) 貿易及其他應付款項

貿易及其他應付款項初步按公允值確認。貿易及其他應付款項其後按攤銷成本列賬，除非貼現影響並不重大，在此情況下，則按成本入賬。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 1(m)(i).

(t) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Obligation for contributions to defined contribution retirement plans pursuant to the relevant labour rules and regulations in the People's Republic of China (the "PRC") are recognised as an expense in profit or loss as incurred, except to the extent that they are included in properties for sale not yet recognised as an expense.

(ii) Equity settled share-based payment

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the equity settled share-based payment reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

1 重大會計政策(續)

(s) 現金及現金等值物

現金及現金等值物包括銀行存款及現金、存放於銀行及其他金融機構的活期存款，以及短期且流動性極高的投資，該等投資可隨時變現為已知現金數額及無重大價值轉變的風險，於購入後三個月內到期。現金及現金等值物的預計信用虧損乃根據附註1(m)(i)所載的政策進行評估。

(t) 僱員福利

(i) 短期僱員福利及定額供款退休計劃供款

薪金、年度獎金、帶薪年假、定額供款退休計劃及非貨幣福利的成本已於僱員提供合營企業服務的年度內計提。若延遲付款或結算及其影響屬重大，該等款項將按現值入賬。

除已計入待售物業而尚未確認為支出者外，根據中華人民共和國(「中國」)相關勞動法規及規例向定額供款退休計劃作出供款的責任在產生時於損益確認為支出。

(ii) 以權益結算以股份為基礎的付款

向僱員所授購股權的公允值確認為僱員成本，並於權益的以權益結算以股份為基礎的付款儲備作出相應增加。公允值是於授出日期使用二項式期權定價模式並計及所授出購股權的條款及條件計量。倘僱員須在無條件享有購股權前符合歸屬條件，則購股權的估計公允值總額經考慮購股權的歸屬可能性後於歸屬期內攤分。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Employee benefits (Cont'd)

(ii) Equity settled share-based payment (Cont'd)

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the equity settled share-based payment reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the equity settled share-based payment reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the equity settled share-based payment reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(u) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1 重大會計政策(續)

(t) 僱員福利(續)

(ii) 以權益結算以股份為基礎的付款(續)

歸屬期內會審閱預期將歸屬的購股權數目。除非原僱員開支合資格確認為資產，否則對過往年內已確認累計公允值所作出的任何調整，均在審閱年度自損益扣除／計入損益，並對以權益結算以股份為基礎的付款儲備作出相應調整。於歸屬日期，會對確認為開支的數額作出調整，以反映所歸屬購股權的實際數目（並對以權益結算以股份為基礎的付款儲備作出相應調整），但僅因未能達成與本公司股份市價有關的歸屬條件而遭失效的購股權則除外。權益金額於以權益結算以股份為基礎的付款儲備確認，直至購股權獲行使（屆時會轉撥至股本溢價）或購股權屆滿（屆時會直接撥入保留利潤）為止。

(u) 所得稅

年度所得稅包括即期稅項及遞延稅項資產與負債變動。即期稅項及遞延稅項資產與負債變動均在損益確認，但倘該等項目與於其他全面收入表或直接於權益確認的項目有關，則有關稅項分別於其他全面收入表或直接於權益確認。

當期所得稅是本年度應納稅所得額的預期應納稅額，使用報告期末頒佈或實質頒佈的稅率，以及對以前年度應納稅額的任何調整。

遞延稅項資產及負債分別由可抵扣和應稅暫時差異產生，即財務報告所呈報資產及負債的賬面值與其稅基之間的差異。遞延稅項資產亦會因未動用稅項虧損及未動用稅項抵免而產生。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Income tax (Cont'd)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

1 重大會計政策(續)

(u) 所得稅(續)

除若干有限例外情況外，所有遞延稅項負債及所有遞延稅項資產均於日後可能有應課稅利潤用以抵銷可動用資產時確認。可支持確認源自可扣稅暫時性差額的遞延稅項資產的日後應課稅利潤，包括該等源自撥回現有應課稅暫時性差額者，但該等差額須與相同稅務機關及相同應課稅實體有關，並預期於撥回可扣減暫時性差額的同一期間或源自遞延稅項資產的稅項虧損可撥回或結轉的期間撥回。在評定現有應課稅暫時性差額是否支持確認因未動用稅項虧損及抵免產生的遞延稅項資產時採用相同的標準，即倘該等暫時性差額與相同稅務機關及相同應課稅實體有關，並預期於可使用稅項虧損或抵免期間內撥回，則會考慮確認遞延稅項資產。

確認遞延稅項資產及負債的有限例外情況為不可就稅務目的扣減的商譽、不影響會計或應課稅利潤的資產或負債的初步確認(前提是他們不屬於業務合併的一部分)所產生的暫時性差額，以及有關投資子公司的暫時性差額(如屬應課稅差額可以由本集團控制轉回時間，而且在可預見的未來不大可能轉回的差額，或如屬可扣減差額，則僅限於很可能在未來轉回的差額)。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Income tax (Cont'd)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

1 重大會計政策(續)

(u) 所得稅(續)

凡投資物業之公允值按附註1(i)所載的會計政策計量，其遞延稅項的確認以用於報告日期之資產出售的賬面值的稅率為準，除非該物業是可折舊的，並存在於某商業模式，其目的是隨著時間的推移消耗實質上附於該物業的所有經濟利益，而不是通過出售。在所有其他情況下，已確認的遞延稅項按預期變現或清償資產及負債賬面值的方式，以報告期末已頒佈或實質已頒佈的稅率計算。遞延稅項資產及負債並未貼現。

遞延稅項資產的賬面值會於各報告期末審閱，並扣減至不再可能取得足夠應課稅利潤以動用有關稅務利益為止。任何減幅會於可能取得足夠應課稅利潤時撥回。

分派股息所產生的額外所得稅於確認支付相關股息的責任時確認。

即期稅項結餘與遞延稅項結餘及其變動單獨呈列，且不予抵銷。即期稅項資產與即期稅項負債以及遞延稅項資產與遞延稅項負債只會在本公司或本集團有法定執行權以即期稅項資產抵銷即期稅項負債，並在符合下列附帶條件的情況下，方可相互抵銷：

- 如屬即期稅項資產及負債，本集團計劃按淨額基準結算，或同時變現該資產及清償該負債；或

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Income tax (Cont'd)

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Provisions and contingent liabilities

(i) Provisions and contingent liabilities

Provisions are recognised when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent liabilities assumed in business combination

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised and the amount that would be determined in accordance with note 1(v)(i).

1 重大會計政策(續)

(u) 所得稅(續)

- 如屬遞延稅項資產及負債，倘他們與相同稅務機關就以下其中一項徵收的所得稅有關：
 - 相同應課稅實體；或
 - 不同應課稅實體，計劃在預期有重大金額的遞延稅項負債或資產須予清償或可收回的各未來期間，按淨額基準變現即期稅項資產及清償即期稅項負債，或同時變現即期稅項資產及清償即期稅項負債。

(v) 撥備及或然負債

(i) 撥備及或然負債

當本集團或本公司須就過往事件承擔法定或推定責任，且履行責任可能須流出經濟利益並可作出可靠估計時，便會確認撥備。倘貨幣的時間價值重大，則按預計履行該責任所需支出的現值計提撥備。

倘不大可能需要流出經濟利益，或有關數額無法可靠估計，則該責任披露為或然負債，但倘流出經濟利益的可能性極低則除外。須視乎一宗或多宗未來事件是否發生才能確定存在與否的可能責任亦披露為或然負債，但倘流出經濟利益的可能性極低則除外。

(ii) 企業合併中承擔的或有負債

在企業合併中承擔的或有負債在收購日為現時義務，只要公允價值能夠可靠地計量，則按公允價值進行初始確認。以公允價值進行初始確認後，此類或有負債按初始確認金額與根據附註1(v)(i)確定的金額中較高者進行確認。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

1 重大會計政策(續)

(w) 收益確認

當於本集團業務的一般過程中提供服務或其他人士根據租約使用本集團的資產產生收益時，本集團將收入分類為收益。

當產品或服務的控制權轉移至客戶或承租人有權使用資產時，按本集團將有權授權的承諾代價金額確認收益，不包括代表第三方收取的款項。收益不包括增值稅或其他銷售稅，乃經扣除任何貿易折扣。

倘合約載有向客戶提供融資福利超過12個月的融資部分，收益按應收款項的現值計量，採用將於與客戶的單獨融資交易中反映的貼現率進行貼現，而利息收入則按實際利率法單獨應計。倘合約載有向本集團提供重大融資福利的融資部分，則根據合約確認的收益包括採用實際利率法就合約負債應計的利率開支。本集團利用國際財務報告準則第15號第63段的實際權益方法，並不調整在融資期間為12個月或以下情況下重大融資部分任何影響的代價。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Revenue and other income (Cont'd)

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sales of properties

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when the property is delivered to customers, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities (see note 1(o)).

For contracts where the period between the payment by the customer and the transfer of the promised property exceeds one year, the transaction price and the amount of revenue from the sales of completed properties is adjusted for the effects of a financing component. If the advance payments by the customer are regarded as providing a significant financing benefit to the Group, interest expense arising from the adjustment of time value of money will be accrued by the Group during the period between the payment date and the date of delivery of property. This accrual increases the balance of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under IAS 23, *Borrowing costs*, in accordance with the policies set out in note 1(y).

1 重大會計政策(續)

(w) 收益確認(續)

有關本集團收益及其他收入確認政策的進一步詳情如下：

(i) 銷售物業

於日常業務過程中出售待售已開發物業所產生的收益於物業交付予客戶時(即客戶有能力指示物業使用及取得物業絕大部分餘下利益的時間點)確認。在收益確認日期之前就物業所收取的現金及按分期付款列入財務狀況表內的合約負債項下(見附註1(o))。

對於客戶付款和轉讓承諾財產之間的期限超過一年的合同，交易價格和已完工財產的銷售收入金額根據融資部分的影響進行調整。如果客戶的預付款被視為為本集團提供了重大融資利益，則本集團將在付款日至財產交付日之間的期間內計提因調整貨幣時間價值而產生的利息費用。該應計項目增加了施工期間合同負債的餘額，因此增加了完工物業控制權移交給客戶時確認的收入金額。除非根據附註1(y)中規定的政策，有資格根據國際會計準則第23號「借款成本」進行資本化，否則利息應計費用。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Revenue and other income (Cont'd)

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iii) Service fee income

Service fee income in relation to property management service, advertising service and other ancillary services are recognised when such services are provided to customers.

(iv) Finance lease income

Finance lease income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the net investment of the finance lease or a shorter period, when appropriate, to the net carrying amount of the net investment of the finance lease.

(v) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(m)(i)).

1 重大會計政策(續)

(w) 收益確認(續)

(ii) 經營租賃的租金收入

經營租賃的應收租金收入在租期所涵蓋的期間內，以等額分期款項於損益確認，但倘有其他基準更清楚地反映使用租賃資產所產生之收益模式則除外。獲授的租賃優惠於損益確認為應收租賃淨付款總額的組成部分。不取決於指數或比率的可變租賃付款額在產生的會計期間確認為收入。

(iii) 服務費收入

有關物業管理服務、廣告服務及其他配套服務的服務費收入於向客戶提供該等服務時確認。

(iv) 融資租賃收入

融資租賃收入，按應計基準以實際利率法按融資租賃的投資淨額在預計可使用年期或更短期間(如適用)估計在日後收取的現金貼現至融資租賃投資淨值的賬面淨值之實際利率確認。

(v) 股息

來自非上市投資的股息收入於股東收取付款的權利確立時確認。

(vi) 利息收入

利息收入使用實際利率法於產生時確認。就按攤銷成本計量且並無出現信貸減值的金融資產而言，資產的賬面總值適用實際利率。就出現信貸減值的金融資產而言，資產的攤銷成本(即扣除虧損撥備的賬面總值)適用實際利率(見附註1(m)(i))。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) Revenue and other income (Cont'd)

(vii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of assets are initially recognised as deferred income and subsequently deducted from the carrying amount of assets and consequently are effectively recognised in profit or loss when the inventories are sold or transferred to investment properties upon meeting the relevant conditions, if any, attaching to them.

(x) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

1 重大會計政策(續)

(w) 收益確認(續)

(vii) 政府補助

倘可合理保證本集團能收取政府補助且符合有關補貼所附條件，則政府補助初步於財務狀況表確認。補償本集團所涉開支的補助於開支產生期間有系統地於損益確認為收入。補償本集團資產成本的補助初步確認為遞延收入，其後自資產賬面值扣除，最終於符合所附條件(如有)而出售或轉移存貨至投資物業時於損益有效確認。

(x) 外幣換算

年內外幣交易按交易日期現行的匯率換算。以外幣計值的貨幣資產及負債按報告期末現行的匯率換算。匯兌收益及虧損於損益確認。

以外幣計值並按歷史成本計量的非貨幣資產及負債按交易日期現行的匯率換算。交易日期為公司初始確認有關非貨幣資產或負債之日。以外幣計值並按公允值計量的非貨幣資產及負債按計量公允值當日現行的匯率換算。

海外經營業績按交易日期現行匯率的近似匯率換算為人民幣。財務狀況表項目按各報告期末的收市匯率換算為人民幣。所產生的匯兌差額於其他全面收入確認，並於權益的外匯儲備內單獨累計。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(x) Translation of foreign currencies (Cont'd)

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(z) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group still retain a non-controlling interest in the subsidiary after the sale.

1 重大會計政策(續)

(x) 外幣換算(續)

出售境外業務時，有關境外業務匯兌差額的累計金額於確認出售損益時自權益重新分類至損益。

(y) 借貸成本

購置、興建或生產需要長時間籌備以作擬定用途或出售的資產直接相關的借貸成本資本化為該資產的部分成本。其他借貸成本於產生期間支銷。

當產生資產開支與借貸成本且正進行籌備資產以作擬定用途或出售的必要工作時，則開始將借貸成本資本化為合資格資產成本一部分。當籌備合資格資產以作擬定用途或出售的必要工作絕大部分中斷或完成時，會暫停或終止將借貸成本資本化。

(z) 持作待售的非流動資產

倘非流動資產(或出售組別)的賬面值很有可能將透過出售交易而非透過持續使用而收回，則會獲分類為持作待售，而該資產(或出售組別)於其現況下可供出售。出售組別指一組資產將於同一交易中被一併出售，而與該等資產有直接關連的負債將於該交易中轉移。

當本集團承諾的出售計劃涉及失去某附屬公司的控制權時，不論本集團是否將於出售後保留該附屬公司的非控股權益，該附屬公司的所有資產及負債於符合上述分類為持作待售的條件時會分類為持作待售。

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1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(z) Non-current assets held for sale (Cont'd)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for investment properties which are measured at fair value), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group are concerned are investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policy set out in note 1(i).

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(aa) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.

1 重大會計政策(續)

(z) 持作待售的非流動資產(續)

於緊接分類為持作待售前，非流動資產（及於出售組別內的所有個別資產及負債）的計量根據分類前的會計政策作出更新。其後於首次分類為持作待售及直至出售期間，非流動資產（不包括按公允價值計量的投資物業）或出售組別按其賬面值及公允價值減出售成本之較低者列賬。就本集團的財務報表而言，此計量政策的主要例外為投資物業。該等資產即使持作待售，仍將繼續根據附註1(i)所載政策計量。

於首次分類為持作待售及其後在持作待售期間重新計量的減值虧損於損益中確認。只要非流動資產仍獲分類為持作待售，或獲納入分類為持作待售的出售組別，則該非流動資產即不予折舊或攤銷。

(aa) 關聯方

- (a) 倘屬以下人士，則該人士或該人士的近親家庭成員與本集團有關聯：
 - (i) 對本集團擁有控制權或共同控制權；
 - (ii) 對本集團擁有重大影響力；或
 - (iii) 為本集團或本集團母公司的主要管理層成員。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(aa) Related parties (Cont'd)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (aa)(a).
 - (vii) A person identified in (aa)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 重大會計政策(續)

(aa) 關聯方(續)

- (b) 倘實體符合以下條件，則與本集團有關聯：
- (i) 該實體與本集團屬同一集團的成員公司(即各母公司、子公司及同系子公司彼此間有關連)。
 - (ii) 一間實體為另一間實體的聯營企業或合營企業(或該其他實體所屬集團的公司的聯營企業或合營企業)。
 - (iii) 兩間實體均為同一第三方的合營企業。
 - (iv) 一間實體為第三方實體的合營企業，而另一實體亦為同一第三方實體的聯營企業。
 - (v) 該實體為本集團或與本集團有關聯的實體就僱員福利而設的離職後福利計劃。
 - (vi) 該實體受(aa)(a)所定義人士控制或受共同控制。
 - (vii) 於(aa)(a)(i)所定義人士對該實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。
 - (viii) 該實體或該實體所屬集團的任何成員公司向該集團或集團母公司提供主要管理層成員服務。

一名人士的近親家庭成員指預期在與實體的交易中可影響該人士或受該人士影響的家庭成員。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(bb) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

Classification between inventories and investment properties

The Group develops property projects with an initial intention to be held for sale. Judgement is made by management in determining whether a property is designated as a property held for sale or investment properties. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of development, the related properties under development are accounted for as (1) properties under development included in current assets if the properties are intended for sale after their completion; and (2) investment properties under development if the properties are intended to be held to earn rentals and/or for capital appreciation.

1 重大會計政策(續)

(bb) 分部報告

本集團為分配資源予本集團各項業務及各個地區以及評估各項業務及各個地區的業績，會定期向本集團大多數高級行政管理層提供財務資料。從該等資料中可找出於合併財務報表呈列的經營分部及各分部項目金額。

個別重大經營分部不會於財務申報時匯總，除非該等分部擁有相若的經濟特性，且其產品及服務性質、生產流程性質、客戶類型或類別、用以分銷產品或提供服務的方法以及監管環境的性質均相若。倘個別不重大經營分部擁有大部分該等特徵，則可能會匯總。

2 會計判斷及估計

(a) 應用本集團會計政策時所作重大會計判斷

在應用本集團會計政策時，管理層曾作出以下會計判斷：

存貨及投資物業的分類

本集團開發物業項目的基本目的為持作出售並保留部分所持有物業作自用。管理層在決定某項物業指定作持作出售物業或投資物業時須作出判斷。本集團在有關物業開發初期即考慮持有物業的目的。在開發過程中，相關在建物業會按以下方式入賬：(1)如物業在完成後擬作出售，則計入流動資產中的在建物業；(2)如物業擬持有以賺取租金收入及／或資本增值，則計入在建投資物業。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

(b) Sources of estimation uncertainty

Key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(i) Valuation of investment properties

As described in note 11, investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers.

In determining the fair value of investment properties, the valuers have based on methods of valuation which involve, inter alia, certain estimates including current market rents and market price for similar properties in the same location, and condition, appropriate discount rates and expected future market rents.

In relying on the valuation report, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions.

(ii) Impairment for interests in joint ventures

As explained in note 1(m)(iii), the Group determines that investment in joint ventures is impaired when there has been a significant or prolonged decline in the recoverable amount below its cost. Management assesses the differences between the carrying amount and recoverable amount and makes provision for impairment loss. Any change in the assumptions adopted in calculating the recoverable amount would increase or decrease the provision for impairment loss and affect the Group's financial position. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to items such as level of discount rates and the expected long-term growth rate. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue, amount of operating costs.

2 會計判斷及估計(續)

(b) 估計不確定因素的來源

估計不確定因素的其他主要來源如下：

(i) 投資物業估價

如附註11所述，投資物業根據獨立機構之專業評估師進行的估價以公允價值列報。

在確定投資物業的公允價值時，評估師所依據的評估方法涉及某些會計估計，包括目前市場租金、處於同一位置及同一狀態的相似物業的市場價格、合適的折現率和預期的未來市場租金。

管理層依靠評估報告作出判斷，並認同評估方法反映了當前的市場狀況。

(ii) 合營企業權益減值

如附註1(m)(iii)所述，當可收回金額顯著或長期低於成本時，本集團認為對合營企業的投資發生減值。管理層評估賬面價值與可收回金額之間的差額，並計提減值損失準備。在計算可收回金額時所採用的假設的任何變化都會增加或減少減值損失準備，並影響本集團的財務狀況。在確定使用價值時，將資產產生的預期現金流折現為其現值，這需要對折現率水平和預期長期增長率等項目作出重大判斷。本集團使用所有已有的信息來確定可收回金額的合理近似值，包括基於合理和可支持的對收入，運營成本的假設和預測。

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2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

(b) Sources of estimation uncertainty

(iii) Recognition of government grants

Government grants are initially recognised by the Group as a deferred income in the consolidated statement of financial position when an amount is received and are subsequently recognised or amortised in profit or loss on a systematic basis when there is reasonable assurance that the Group will comply with the specific conditions attached to the government grants. The Group is required to fulfil the requirements agreed with the local governments when conducting the related infrastructure construction and the Group assesses whether the conditions attached to the government grants are met based on management's best estimates, particularly in interpreting the fulfilment of conditions which are not clearly stated in the respective agreements.

(iv) Provision for PRC LAT

As explained in note 6(a), the Group has estimated, made and included in tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual PRC LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for PRC LAT is calculated. Significant judgment is required in determining the level of provision, as the calculation of which depends on the ultimate tax determination. Given the uncertainties of the calculation basis of PRC LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at the end of the reporting period. Any increase or decrease in the actual outcomes/estimates will impact the income tax provision in the period in which such determination is made.

2 會計判斷及估計(續)

(b) 估計不確定因素的來源(續)

(iii) 政府補助確認

本集團於收到政府補助時在合併財務狀況表初步確認為遞延收入，其後合理確定本集團將滿足接受政府補助的條件時按系統基準在損益內確認或攤銷。本集團於進行相關基礎設施建設時須符合與地方政府協定之規定，本集團根據管理層的最佳估計，評估是否已滿足政府補助的附帶條件，尤其是在相關協定並無明確說明履行條件的情況。

(iv) 中國土地增值稅撥備

誠如附註6(a)所述，本集團已根據相關中國稅務法律法規所載規定，估計、作出及在稅項內計入中國土地增值稅撥備。實際的中國土地增值稅負債須待物業開發項目完工後，由稅務當局釐定，而稅務當局可能不同意本集團計算中國土地增值稅撥備的基準。由於中國土地增值稅撥備視乎最終稅額計算而定，故釐定撥備水平時須作出重大判斷。鑑於當地稅務局所詮釋的中國土地增值稅計算基準並不確定，實際結果可能會高於或低於報告期末所估計者。實際結果／估計的任何增減均會影響作出有關計算期間的所得稅撥備。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

(b) Sources of estimation uncertainty (Cont'd)

(v) Determining the provision for inventories

As explained in note 1(n), the Group's land held for future development, properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject property, the Group makes estimates of the selling price, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties.

If there is an increase in costs to completion or a decrease in net sales value, provision for completed properties held for sale, properties held for future development and under development for sale may be resulted. Such provision requires the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Given the volatility of the PRC property market and the distinctive nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

(vi) Impairment for trade and other receivables

The Group expected credit losses (ECL) for trade and other receivables resulting from the inability of the customers to make the required payments. The Group bases the estimates on the aging of the trade and other receivable balance, customer creditworthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual provisions would be higher than estimated.

2 會計判斷及估計(續)

(b) 估計不確定因素的來源(續)

(v) 釐定存貨減值

誠如附註1(n)所釋，本集團未來待開發土地、在建物業及待售已完工物業按成本與可變現淨值兩者中的較低數額列賬。根據本集團近期經驗及有關物業的性質，本集團就售價、在建物業的竣工成本及出售該物業的成本作出估計。

倘竣工成本增加或淨銷售額減少，則可能須就待售已完工物業、待售未來待開發物業及待售在建物業作出撥備。該等撥備需要運用判斷及估計。倘預期異於最初估計，則該等物業的賬面值及撥備於有關估計變動期間將相應予以調整。

鑑於中國物業市場波動及個別物業獨特性質使然，成本及收益的實際結果可能會高於或低於報告期末所估計者。撥備的任何增減均會影響未來年度的損益。

(vi) 貿易及其他應收款項減值

本集團會對因客戶未能作出所需付款所產生的貿易及其他應收款項的預期信用虧損作出估計。本集團根據貿易及其他應收款項結餘的賬齡、客戶信譽及過往撇銷經驗作出估計。倘客戶的財務狀況惡化，則實際撇銷金額將高於預期。

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2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

(b) Sources of estimation uncertainty (Cont'd)

(vii) Recognition of deferred tax assets

Deferred tax assets are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(viii) Determining the deferred taxation on investment properties

The Group has leased out certain of the completed properties to third parties whereby the directors consider that such arrangement is not temporary. In the circumstance, the Group has decided to treat those properties as investment properties (and reclassifying them from completed properties held for sale to investment properties) because it is the Group's intention to hold these properties in long-term for rental income and/or capital appreciation.

Under IAS 12, deferred tax is required to be measured with reference to the tax consequences that would follow the manner in which the entity expects to recover the carrying amount of the assets in question. In this regard, IAS 12 has a rebuttable presumption that the carrying amount of investment property carried at fair value under IAS 40, *Investment property*, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

2 會計判斷及估計(續)

(b) 估計不確定因素的來源(續)

(vii) 遞延稅項資產確認

遞延稅項資產按報告期末已頒佈或實質頒佈的稅率，根據預期變現或結算資產賬面值的方式確認及計量。釐定遞延稅項資產賬面值時，預期應課稅利潤的估計涉及多項有關本集團經營環境的假設，需要董事行使重大程度的判斷。該等假設及判斷的任何變動將影響將予確認的遞延稅項資產賬面值，從而影響未來年度淨利。

(viii) 釐定投資物業之遞延稅項

本集團已向第三方租出若干已完工物業，據此董事認為該等安排並非臨時性安排。在此情況下，本集團決定將該等物業視為投資物業（並將其自待售已完工物業重新歸類為投資物業），乃因本集團擬將該等物業用作長期租金收入及／或資本升值。

根據國際會計準則第12號，遞延稅項須按企業預期收回有關資產賬面值之方式可能產生之稅務後果計量。就此而言，國際會計準則第12號引入一項可予駁回之假設：根據國際會計準則第40號「投資物業」，以公允值列賬之投資物業之賬面值將通過出售收回。此假設以單獨物業為基礎可被反駁，假如該投資物業是可以折舊及以一種業務模式持有，而該模式的目的是為旨在假以時日消耗該投資物業大部分經濟收益，而非經出售。

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2 ACCOUNTING JUDGEMENT AND ESTIMATES (Cont'd)

(b) Sources of estimation uncertainty (Cont'd)

(ix) *Determining the deferred taxation on investment properties*

In this connection, the Group has reviewed its investment property portfolio on a regular basis and has concluded that as at 31 December 2020, the Group has determined that each of these properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time and consequently the presumption in IAS 12 is rebutted for these properties. As a result, the Group has continued to measure the deferred tax relating to these other properties using the tax rate that would apply as a result of recovering their value through use.

3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are development, sales and operation of commercial trade and logistics centers and residential properties in the Mainland China.

Revenue represents income from sales of properties, property management services income and rental income net of sales related taxes and is after deduction of any trade discounts.

2 會計判斷及估計(續)

(b) 估計不確定因素的來源(續)

(ix) *釐定投資物業之遞延稅項*

就此而言，本集團已定期審核投資物業組合併得出結論，於2020年12月31日，本集團已確定持有各項物業所奉行之業務模式均為旨在假以時日消耗投資物業所包含之絕大部分經濟利益，故就該等物業駁回國際會計準則第12號中之假設。因此，本集團繼續採用將在透過使用而收回價值之情況下適用之稅率就該等其他物業計量遞延稅項。

3 收入及分部報告

本集團的主要業務為在中國內地進行商貿物流中心及住宅物業的開發、銷售及經營。

收入指扣除任何貿易折扣及銷售相關稅金後的銷售物業收入，物業管理服務收入及租金收入。

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(Expressed in Renminbi unless otherwise indicated)
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3 REVENUE AND SEGMENT REPORTING (Cont'd)

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Revenue from contracts with customers within the scope of IFRS 15	國際財務報告準則第15號範圍內的客戶合約收入		
– Sales of properties	– 物業銷售	3,594,985	1,422,946
– Property management services	– 物業管理服務	70,595	63,588
– Others	– 其他	30,569	40,620
		3,696,149	1,527,154
Revenue from other sources	其他來源的收入		
– Gross rental income from investment properties	– 來自投資物業的租金總收入	16,477	13,964
– Other rental income	– 其他租金收入	24,532	42,190
		41,009	56,154
		3,737,158	1,583,308

The Group's customer base is diversified and none of the customer with whom transactions have exceeded 10% of the Group's revenue.

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. No segment information is presented in respect of the Group's operating segment as the Group is principally engaged in one segment in the Mainland China. The Group does not operate in any other geographical or business segment during the year.

3 收入及分部報告(續)

(a) 收入分解

客戶合約收益按主要產品或服務類型分解如下：

	2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Revenue from contracts with customers within the scope of IFRS 15		
– Sales of properties	3,594,985	1,422,946
– Property management services	70,595	63,588
– Others	30,569	40,620
	3,696,149	1,527,154
Revenue from other sources		
– Gross rental income from investment properties	16,477	13,964
– Other rental income	24,532	42,190
	41,009	56,154
	3,737,158	1,583,308

本集團的客戶群呈多元化，沒有一名客戶的交易額佔本集團收入的10%以上。

為分配資源予本集團各項業務及各個地區以及評估各項業務及各個地區的業績，本集團會定期向最高行政管理層提供財務數據及資料，而從該等數據及資料中可識別經營分部及於合併財務報表報告的各分部項目金額。由於本集團於中國內地主要從事一個分部，故並無呈列本集團的經營分部資料。年內本集團並無於任何其他地區或業務分部經營。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

3 REVENUE AND SEGMENT REPORTING (Cont'd)

(b) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied at 31 December 2020:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Remaining performance obligations expected to be satisfied:	餘下履約責任預計於以下期限履行：		
Within 1 year	1年內	2,330,108	2,645,940
1 year to 2 years	1至2年	347,567	426,450
2 years to 3 years	2至3年	-	327,440
		2,677,675	3,399,830

These amounts represent revenue expected to be recognised in the future from pre-completion sales contracts for properties under development entered into by the customers with the Group. These amounts include the significant financing components of the pre-completion properties sales contracts under which the Group obtains significant financing benefits from the customers (see note 1(w)(i)).

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its property management service contracts such that the above information does not include information about revenue that the Group will be entitled to when it has a right to invoice, which corresponds directly to the value to the customer of the Group's performance completed to date.

3 收入及分部報告(續)

(b) 因報告日期存續的客戶合約而導致預期於日後確認的收益

下表載列有關2020年12月31日尚未履行的履約責任預期於日後確認的收益：

	2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Remaining performance obligations expected to be satisfied:		
Within 1 year	2,330,108	2,645,940
1 year to 2 years	347,567	426,450
2 years to 3 years	-	327,440
	2,677,675	3,399,830

該等金額指來自客戶與本集團就在建物業訂立的預完成銷售合約預期於日後確認的收益。該等金額包括預完成物業銷售合約的重大融資部份，本集團據此從客戶取得重大融資利益(見附註1(w)(i))。

本集團已對其物業管理服務合約應用國際財務報告準則第15號第121段的實際權宜方法，故而上述資料不包括本集團有權開發票時有權取得的收益相關資料，而有關收益與本集團迄今完成的履約對客戶的價值直接相關。

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4 OTHER INCOME

4 其他收入

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Net realised and unrealised fair value gain from financial assets measured at FVTPL	按公允值計量且變動計入當期損益的金融資產的已實現與未實現公允價值收益淨額	69,024	18,924
Net unrealised fair value loss from financial liabilities measured at FVTPL	按公允值計量且變動計入當期損益的金融負債的未實現公允價值虧損淨值	(7,495)	-
Net loss on disposal of investment properties	出售投資物業的淨虧損	(25,017)	(12,752)
Net gain on disposal of subsidiaries (i)	出售子公司的淨收益(i)	-	187,099
Net gain on disposal of a joint venture	出售合營公司的淨收益	650	-
Net gain on disposal of property, plant and equipment	出售物業、廠房及設備的收益淨額	900	2,125
Government grants (ii)	政府補助(ii)	5,178	1,717
Others	其他	3,947	6,576
		47,187	203,689

(i) In 2019, the Group recorded net gain on disposal of subsidiaries of RMB187,099,000, while no such gain was recorded in 2020.

(i) 於2019年，本集團確認了處置子公司的收益人民幣187,099,000元，2020年無相關收益確認。

(ii) In 2020, the Group has transferred certain completed properties held for sale to investment properties (note 11). The related government grants of RMB4,271,000 (2019: Nil) previously recorded as deferred income (note 32) were recognised in profit or loss as other income.

(ii) 於2020年，本集團將某些待售完工物業轉為投資物業(附註11)。先前入帳列為遞延收入的相關政府補助人民幣4,271,000元(2019年：零)在當期損益中確認為其他收入(附註32)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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5 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after (crediting)/charging:

(a) Finance income and finance costs

5 除稅前利潤／(虧損)

除稅前利潤／(虧損)經(計入)／扣除下列各項後得出：

(a) 財務收入及融資成本

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Finance income	財務收入		
Bank interest income	銀行利息收入	(8,495)	(12,785)
Other interest income	其他利息收入	(30,354)	(30,270)
		(38,849)	(43,055)
Net foreign exchange gain	匯兌收益淨額	-	(4,726)
		(38,849)	(47,781)
Finance costs	融資成本		
Interest on bank loans and other borrowings	銀行貸款及其他借貸的利息	108,181	121,515
Interest on corporate bonds	公司債券的利息	5,717	21,009
Interest on senior notes	優先票據利息	260,640	172,361
Interest on lease liabilities	租賃負債利息	4,158	3,934
Accrued interest on significant financing component of contract liabilities	合約負債的重大融資部份應計利息	98,442	48,822
Other borrowing costs	其他借貸成本	18,240	-
		495,378	367,641
Less: interest expense capitalised into properties under development *	減：資本化撥入在建物業的利息開支*	(218,859)	(139,300)
		276,519	228,341
Net foreign exchange loss	匯兌虧損淨額	269	-
		276,788	228,341

* The borrowing costs have been capitalised at rates ranging from 7.35%–9.60% per annum (2019: 4.99%–9.60%).

* 借貸成本已按年利率7.35%至9.60% (2019年：4.99%至9.60%)資本化。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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5 PROFIT/(LOSS) BEFORE TAXATION (Cont'd)

(b) Staff costs

5 除稅前利潤／(虧損)(續)

(b) 員工成本

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Salaries, wages and other benefits	薪金、工資及其他福利	244,352	251,323
Equity settled share-based payment expenses	以權益結算以股份為基礎的付款開支	8,666	-
Contributions to defined contribution retirement plans (i)	定額供款退休計劃(i)	3,062	9,688
		256,080	261,011

Note:

- (i) Due to the impact of the COVID-19 pandemic, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which contributed to the relief of certain cost of defined contribution retirement scheme during the year.

附註：

- (i) 由於受到新冠肺炎疫情的影響，從2020年2月開始政府頒佈了包括社保減免等一系列政策來加快恢復經濟活動，導致本年定額供款退休計劃的部分費用減少。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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5 PROFIT/(LOSS) BEFORE TAXATION (Cont'd)

(c) Other items

5 除稅前利潤/(虧損)(續)

(c) 其他項目

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Depreciation and amortisation	折舊及攤銷		
– plant and equipment (note 10)	– 廠房及設備(附註10)	18,620	23,630
– right-of-use assets (note 10)	– 使用權資產(附註10)	14,725	14,031
– intangible assets (note 12)	– 無形資產(附註12)	2,376	2,218
		35,721	39,879
Impairment losses recognised/(reversed)	減值虧損/(轉回)		
– trade and other receivables	– 貿易及其他應收款項	28,657	17,683
– finance lease receivables	– 融資租賃應收款項	(548)	(183)
– non-current assets	– 非流動資產	–	3,758
		28,109	21,258
Reversal of provision for inventories	轉回存貨減值準備	5,005	17,020
Auditor's remuneration	核數師酬金		
– audit service	– 審計服務	3,150	3,150
– other services	– 其他服務	1,100	2,000
		4,250	5,150
Rentals income from investment properties less direct outgoings of RMB289,000 (2019: Nil)	投資物業租金減直接 開支人民幣289,000元 (2019: 人民幣零)	16,188	13,964
Cost of properties sold (i)	已售物業成本(i)	2,370,569	931,331

Note:

- (i) Cost of properties sold is after netting off of utilisation of deferred income in respect of government grants of RMB294,485,000 for the year ended 31 December 2020 (2019: RMB237,221,000) (note 32).

附註：

- (i) 截至2020年12月31日止年度，已售物業成本為經扣除使用政府補助的遞延收入人民幣294,485,000元後得出(2019年：人民幣237,221,000元)(附註32)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents

6 合併損益表內的所得稅

(a) 合併損益表內的稅項指

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Current tax	即期稅項		
PRC Corporate Income Tax ("PRC CIT") (iii)	中國企業所得稅(「中國企業所得稅」)(iii)	133,610	86,100
PRC LAT (iv)	中國土地增值稅(iv)	198,823	53,026
		332,433	139,126
Deferred tax	遞延稅項		
Origination and reversal of temporary differences (note 16(b))	暫時性差額的產生及撥回(附註16(b))	37,177	(6,202)
		369,610	132,924

Notes:

- (i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in this jurisdiction.
- (ii) No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax for the year (2019: Nil).

附註

- (i) 根據開曼群島規則及法規，本集團於該司法權區毋須繳納任何所得稅。
- (ii) 由於本集團期內並無賺取任何須繳納香港利得稅的收入，故並無就香港利得稅計提撥備(2019年：零)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)

(a) Taxation in the consolidated statement of profit or loss represents (Cont'd)

Notes: (Cont'd)

(iii) PRC CIT

The Group's PRC subsidiaries are subject to statutory tax rate of 25% on their assessable profits.

In July 2013, Ganzhou Hydoo Commercial and Trade Logistics Park Development Co., Ltd. ("Ganzhou Trade Center") was approved to enjoy a preferential PRC CIT rate of 15% for the years from 2012 to 2020 according to a tax notice issued by the local tax bureau.

In December 2015, Wuzhou Hydoo Commercial and Trade Center Development Co., Ltd. ("Wuzhou Trade Center") was also approved to enjoy a preferential PRC CIT rate of 15% for the years from 2015 to 2020 according to a tax notice issued by the local tax bureau.

The preferential tax treatment was based on various tax rules and regulations in relation to PRC government's strategy in encouraging investment and development of wholesale trading markets in certain regions in the Mainland China.

(iv) PRC LAT

PRC LAT which is levied on properties developed for sale by the Group in the Mainland China, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from PRC LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

In addition, certain subsidiaries of the Group were subject to PRC LAT which were calculated based on 6% to 8% of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

6 合併損益表內的所得稅(續)

(a) 合併損益表內的稅項指(續)

附註(續)

(iii) 中國企業所得稅

本集團的中國子公司須就其應課稅利潤按25%的法定稅率繳稅。

2013年7月，贛州毅德商貿物流園開發有限公司(「贛州商貿物流園」)根據地方稅務局頒佈的稅務通知獲批自2012年至2020年享受15%的優惠中國企業所得稅稅率。

2015年12月，梧州毅德商貿物流城開發有限公司(「梧州商貿物流城」)根據地方稅務局頒佈的稅務通知亦獲批自2015年至2020年享受15%的優惠中國企業所得稅稅率。

該稅務優惠是基於與中國政府鼓勵中國內地若干地區投資及發展商貿物流業的政策有關的多項稅務規則及法規。

(iv) 中國土地增值稅

本集團銷售於中國內地所開發物業須按價值增幅以30%至60%的累進稅率繳納中國土地增值稅，根據適用規例，中國土地增值稅是按銷售物業所得款項減可扣稅開支(包括土地使用權租賃支出、借貸成本及所有合資格物業開發開支)計算。中國土地增值稅產生的遞延稅項資產於他們預期結算時按適用所得稅稅率計算。

此外，本集團的若干子公司根據相關的地方稅務局批准的核定計稅方法，基於收入的6%至8%計算中國土地增值稅。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents (Cont'd)

Notes: (Cont'd)

(iv) PRC LAT (Cont'd)

The directors of the Company are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the Mainland China and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging PRC LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Administration of Taxation or any tax bureau of higher authority is remote.

(b) Reconciliation between income tax and accounting profit/(loss) at applicable tax rates

6 合併損益表內的所得稅(續)

(a) 合併損益表內的稅項指(續)

附註(續)

(iv) 中國土地增值稅(續)

本公司董事認為，其獲准採用的核定計稅方法是中國內地認可的計稅方法之一，而本集團中國子公司所在地的各地方稅務局為批准該等公司以核定計稅方法徵收中國土地增值稅的主管稅務機關，故受國家稅務總局或任何上級主管稅務機關質疑的風險不大。

(b) 所得稅與按適用稅率計算的會計利潤/(虧損)的對賬

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Profit/(loss) before taxation	除稅前利潤/(虧損)	725,883	(144,361)
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	按有關國家適用於利潤的稅率計算的除稅前利潤的名義稅項	251,468	31,891
Tax effect of non-deductible expenses	不可扣稅開支的稅務影響	24,743	4,815
Tax effect of non-taxable income	毋須課稅收入的稅務影響	-	(4,026)
Tax effect of unused tax losses not recognised	未確認未動用稅項虧損的稅務影響	15,195	59,038
Tax effect of temporary differences not recognised	未確認暫時性差異的稅務影響	-	975
Utilisation of previously unrecognised tax losses	使用先前未經確認的稅項虧損	(28,436)	(1,655)
PRC LAT (note 6(a)(iv))	中國土地增值稅(附註6(a)(iv))	198,823	53,026
Tax effect on PRC LAT	中國土地增值稅稅務影響	(49,706)	(12,589)
Tax concessions (note 6(a)(iii))	稅務優惠(附註6(a)(iii))	(42,477)	1,449
Total income tax	所得稅總額	369,610	132,924

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7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

7 董事薪酬

董事薪酬根據香港公司條例第383(1)條及公司(披露董事利益資料)規例第2部披露如下：

		2020					
		Directors' fee	Salaries allowances and benefits in kind 薪金、津貼及實物福利	Retirement scheme contributions 退休計劃供款	Sub-total	Share-based payments 以權益結算以股份為基礎的付款	Total
		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
Executive directors:	執行董事：						
Wong Choi Hing	王再興	100	6,375	-	6,475	-	6,475
Cai Hongwen	蔡鴻文	-	-	-	-	-	-
Zeng Yunshu	曾雲樞	-	-	-	-	-	-
Wang Dewen	王德文	100	5,911	53	6,064	474	6,538
Yang Sanming (appointed on 9 June 2020)	楊三明 (2020年6月9日獲委任)	250	3,552	29	3,831	1,423	5,254
Independent non-executive directors:	獨立非執行董事：						
Lam Chi Yuen Nelson	林智遠	249	-	-	249	43	292
Yue Zheng	岳嶠	249	-	-	249	43	292
Zhao Lihua (passed away on 23 December 2020)	趙立華 (於2020年12月23日辭世)	100	119	-	219	43	262
		1,048	15,957	82	17,087	2,026	19,113

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7 DIRECTORS' EMOLUMENTS (Cont'd)

7 董事薪酬(續)

		2019			
		Directors' fee	Salaries allowances and benefits in kind	Retirement scheme contributions	Total
		董事袍金	薪金、津貼及實物福利	退休計劃供款	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors:	執行董事：				
Wong Choi Hing (appointed on 12 October 2019)	王再興 (2019年10月12日獲委任)	22	1,002	-	1,024
Cai Hongwen (appointed on 12 October 2019)	蔡鴻文 (2019年10月12日獲委任)	-	-	-	-
Zeng Yunshu (appointed on 12 October 2019)	曾雲樞 (2019年10月12日獲委任)	-	-	-	-
Wang Dewen	王德文	100	15,732	79	15,911
Wang Jianli (resigned on 12 October 2019)	王健利 (2019年10月12日辭任)	78	3,542	-	3,620
Huang Dehong (resigned on 12 October 2019)	黃德宏 (2019年10月12日辭任)	78	1,240	60	1,378
Non-executive director:	非執行董事：				
Yuan Bing (resigned on 12 October 2019)	袁兵 (2019年10月12日辭任)	206	-	-	206
Independent non-executive directors:	獨立非執行董事：				
Lam Chi Yuen Nelson	林智遠	264	-	-	264
Zhao Lihua (passed away on 23 December 2020)	趙立華 (於2020年12月23日辭世)	100	140	-	240
Yue Zheng (appointed on 20 March 2019)	岳崢 (2019年3月20日獲委任)	207	-	-	207
Wang Lianzhou (retired on 20 March 2019)	王連洲 (2019年3月20日退任)	21	31	-	52
		1,076	21,687	139	22,902

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(除另有指明外，均以人民幣列示)

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2019: two) are directors. The emoluments of these directors are disclosed in note 7. The aggregate of the emoluments in respect of the other two (2019: three) individuals are as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Salaries, allowances and other benefits in kind	薪金、津貼及其他實物福利	5,612	15,121
Equity settled share-based payment expenses	以權益結算以股份為基礎的開支	379	-
Retirement scheme contributions	退休計劃供款	61	58
		6,052	15,179

The emoluments of the two (2019: three) individuals with the highest emoluments are within the following bands:

		2020 Number of individuals 人數	2019 Number of individuals 人數
HK\$2,500,001–HK\$3,000,000	2,500,001港元至3,000,000港元	1	-
HK\$3,000,001–HK\$3,500,000	3,000,001港元至3,500,000港元	-	1
HK\$3,500,001–HK\$4,000,000	3,500,001港元至4,000,000港元	-	1
HK\$4,000,001–HK\$4,500,000	4,000,001港元至4,500,000港元	1	-
HK\$10,000,001–HK\$10,500,000	10,000,001港元至10,500,000港元	-	1

8 最高薪人士

五名最高薪人士中有三名(2019年：兩名)為董事。該等董事的薪酬披露於附註7。其他兩名(2019年：三名)人士的薪酬總計如下：

兩名(2019年：三名)最高薪人士的薪酬介乎以下範圍：

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(除另有指明外，均以人民幣列示)

9 EARNINGS/(LOSS) PER SHARE

Basic earnings and diluted earnings/(loss) per share

The calculation of basic earnings per share is based on profit attributable to equity shareholders of the Company of RMB360,696,000 (2019: loss of RMB271,221,000) and the weighted average of 4,293,230,000 ordinary shares (2019: 4,014,844,000 ordinary shares) during the year, calculated as follows:

Weighted average number of ordinary shares

		2020 '000 千股	2019 '000 千股
Issued ordinary shares at 1 January	1月1日已發行普通股	4,014,844	4,014,844
Effect of issuance of shares (note 37(c))	股份發行的影響(附註37(c))	278,386	-
Weighted average number of shares	加權平均股數	4,293,230	4,014,844

For the year ended 31 December 2020, the effect of deemed issue of shares under the Company's employee share option scheme for nil consideration was anti-dilutive. For the year ended 31 December 2019, as all options granted under the Company's Pre-IPO Share Option Scheme had expired, there was no effect of deemed issue of the share option scheme.

9 每股盈利/(虧損)

每股基本盈利和每股攤薄盈利/(虧損)

每股基本盈利按本公司權益股東應佔利潤人民幣360,696,000元(2019年:虧損人民幣271,221,000元)及普通股加權平均數4,293,230,000股(2019年:4,014,844,000股)計算。計算如下:

普通股加權平均數

	2020 '000 千股	2019 '000 千股
Issued ordinary shares at 1 January	4,014,844	4,014,844
Effect of issuance of shares (note 37(c))	278,386	-
Weighted average number of shares	4,293,230	4,014,844

截至2020年12月31日期間，根據本公司的員工購股權計劃以零對價視作發行股份的影響已被反攤薄。截至2019年12月31日期間，由於根據本公司首次公開發行股份前購股權計劃授予的所有購股權均已失效，因此不存在該購股權計劃視作發行股份的影響。

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10 PROPERTY, PLANT AND EQUIPMENT

10 物業、廠房及設備

		Ownership interests in land and buildings held for own use 按成本列賬持作自用的租賃土地及樓宇的擁有權權益	Other properties leased for own use carried at cost 按成本列賬持作自用租賃的其他物業	Motor vehicles and other fixed assets 汽車及其他固定資產	Office equipment 辦公設備	Total 總計
Note		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
附註						
Cost:	成本：					
At 1 January 2019	於2019年1月1日	422,271	5,257	133,751	47,281	608,560
Additions	添置	-	631	11,211	4,537	16,379
Disposals	出售	-	-	(25,862)	(633)	(26,495)
Disposal of subsidiaries	出售子公司	-	-	(412)	(206)	(618)
At 31 December 2019 and 1 January 2020	於2019年12月31日和2020年1月1日	422,271	5,888	118,688	50,979	597,826
Additions	添置	11	3,578	4,862	2,258	10,709
Acquisitions of subsidiaries	收購子公司	24(e)	-	1,828	1,870	3,698
Disposals	出售	(3,737)	-	(2,795)	(498)	(7,030)
At 31 December 2020	於2020年12月31日	418,545	9,466	122,583	54,609	605,203
Accumulated depreciation:	累計折舊：					
At 1 January 2019	於2019年1月1日	31,058	-	87,680	43,355	162,093
Charge for the year	年內支出	12,143	1,888	20,043	3,587	37,661
Written back on disposals	出售時撤回	-	-	(23,807)	(531)	(24,338)
Disposal of subsidiaries	出售子公司	-	-	(17)	(15)	(32)
At 31 December 2019 and 1 January 2020	於2019年12月31日和2020年1月1日	43,201	1,888	83,899	46,396	175,384
Charge for the year	年內支出	12,078	2,647	16,031	2,589	33,345
Acquisitions of subsidiaries	收購子公司	24(e)	-	1,482	1,276	2,758
Written back on disposals	出售時撤回	(686)	-	(2,409)	(469)	(3,564)
At 31 December 2020	於2020年12月31日	54,593	4,535	99,003	49,792	207,923
Net book value:	賬面淨值：					
At 31 December 2020	於2020年12月31日	363,952	4,931	23,580	4,817	397,280
At 31 December 2019	於2019年12月31日	379,070	4,000	34,789	4,583	422,442

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10 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The leasehold buildings are all situated on land in the Mainland China.

Certain bank loans granted to the Group were jointly secured by property, plant and equipment with a book value of RMB337,035,000 (2019: RMB347,036,000) (note 27).

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

10 物業、廠房及設備(續)

該等租賃樓宇全部位於中國內地。

本集團獲授的若干銀行貸款由賬面值人民幣337,035,000元(2019年：人民幣347,036,000元)的物業、廠房及設備共同作抵押(附註27)。

使用權資產

按相關資產類別劃分的使用權資產賬面淨值分析如下：

	Note 附註	2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Included in "Property, plant and equipment":	計入「物業、廠房及設備」：		
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost	按折舊成本列賬持作自用的租賃土地及樓宇的擁有權權益 (i)		
– 50 years or more	– 五十年或以上	26,917	32,034
– between 10 and 50 years	– 十年至五十年	337,035	347,036
		363,952	379,070
Other properties leased for own use, carried at depreciated cost	按折舊成本列賬持作自用租賃的其他物業 (ii)	4,931	4,000
		368,883	383,070
Included in "Investment properties":	計入「投資物業」：		
Ownership interests in leasehold investment property, carried at fair value, with remaining lease term of	按公允值列賬於租賃投資物業的擁有權權益		
– less than 10 years	– 少於十年	22,500	29,700
– between 10 and 50 years	– 十年至五十年	3,121,770	2,554,400
		3,144,270	2,584,100
Included in "Inventories and other contract costs":	計入「存貨及其他合約成本」：		
Leasehold land held for and under development for sale	待售未來待開發租賃土地	3,191,291	1,782,677
Completed properties for sale	持作待售已完工物業	561,043	530,794
		3,752,334	2,313,471
		7,265,487	5,280,641

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10 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Right-of-use assets (Cont'd)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Depreciation charge of right-of-use assets by class of underlying asset:	按標的資產類別劃分的使用權資產折舊費：		
Ownership interests in leasehold land and buildings	持作自用的租賃土地及樓宇的擁有權權益	12,078	12,143
Other properties leased for own use	持作自用租賃的其他物業	2,647	1,888
		14,725	14,031
Interest on lease liabilities (note 5(a))	租賃負債利息(附註5(a))	4,158	3,934
Expense relating to short-term leases	短期租賃相關費用	3,917	5,194

During the year, additions to right-of-use assets were RMB3,578,000 (2019: RMB631,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 24(d) and 31, respectively.

(i) Ownership interests in leasehold land and buildings held for own use

The Group holds several buildings as its office. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land.

Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease.

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its office and dormitory through tenancy agreements. The leases typically run for an initial period of 2 to 5 years. Lease payments are usually increased by each year to reflect market rentals.

10 物業、廠房及設備(續)

使用權資產(續)

反映於損益表的與租賃有關的費用項目分析如下：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Depreciation charge of right-of-use assets by class of underlying asset:	按標的資產類別劃分的使用權資產折舊費：		
Ownership interests in leasehold land and buildings	持作自用的租賃土地及樓宇的擁有權權益	12,078	12,143
Other properties leased for own use	持作自用租賃的其他物業	2,647	1,888
		14,725	14,031
Interest on lease liabilities (note 5(a))	租賃負債利息(附註5(a))	4,158	3,934
Expense relating to short-term leases	短期租賃相關費用	3,917	5,194

當年新增使用權資產人民幣3,578,000元(2019年：人民幣631,000元)。這筆款項主要與新租約下應付的資本化租金有關。

租賃的現金流出總額及租賃負債的到期分析詳情分別載於附註24(d)及31。

(i) 持作自用的租賃土地及樓宇的擁有權權益

本集團擁有幾棟樓宇作為其辦公室。本集團是這些物業權益的註冊擁有人，包括有關土地的全部或部分未分割份數。

一次性付款是為了從以前的註冊業主那裡獲得這些財產權益，而根據土地租賃條款，不需要進行付款。

(ii) 持作自用租賃的其他物業

集團通過租賃協議，獲得了使用其他物業作為辦公室和宿舍的權利。租期一般為2至5年。租金通常每年都會增加，以反映市場租金。

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11 INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount of investment properties

		Completed properties	Properties under development	Other properties leased for own use carried at fair value	Total
		已完工物業 RMB'000 人民幣千元	在建物業 RMB'000 人民幣千元	其他物業 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2019	於2019年1月1日	2,235,544	387,593	41,000	2,664,137
Additions	添置	-	25,354	-	25,354
Fair value adjustments	公允值調整	(54,407)	(11,747)	(11,300)	(77,454)
Disposals	出售	(27,937)	-	-	(27,937)
Transfer upon completion	完工後轉撥	401,200	(401,200)	-	-
At 31 December 2019 and 1 January 2020	於2019年12月31日及 2020年1月1日	2,554,400	-	29,700	2,584,100
Transfer from inventories	轉自存貨	296,207	-	-	296,207
Acquisition of subsidiaries (note 24(e))	收購子公司(附註24(e))	141,000	-	-	141,000
Fair value adjustments	公允值調整	179,515	-	(7,200)	172,315
Disposals	出售	(49,352)	-	-	(49,352)
At 31 December 2020	於2020年12月31日	3,121,770	-	22,500	3,144,270
Representing	指				
Valuation – 2020	估值 – 2020年	3,121,770	-	22,500	3,144,270
Valuation – 2019	估值 – 2019年	2,554,400	-	29,700	2,584,100
Book value	賬面值				
At 31 December 2020	於2020年12月31日	3,121,770	-	22,500	3,144,270
At 31 December 2019	於2019年12月31日	2,554,400	-	29,700	2,584,100

During the year ended 31 December 2020, a fair value gain of RMB209,469,000 (2019: RMB Nil) upon the transfer and a loss on fair value of RMB37,154,000 (2019: RMB77,454,000) in respect of existing investment properties had been recognised in the consolidated statement of profit or loss for the year.

2020年，年內合併損益表確認了轉入的公允值收益人民幣209,469,000元(2019年：零)，和現有投資物業的公允價值虧損為人民幣37,154,000元(2019年：人民幣77,454,000元)。

11 投資物業

(a) 投資物業賬面值對賬

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11 INVESTMENT PROPERTIES (Cont'd)

(b) Fair value measurement of investment properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment for sale measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3 valuations: Fair value measured using significant unobservable inputs

11 投資物業(續)

(b) 投資物業的公允值計量

(i) 公允值層級

下表呈列於報告期末以經常性原則計量的本集團投資物業公允值，並按國際財務報告準則第13號公允值計量所界定分類為三個公允值級別。公允值計量參考以下估值方法所使用的輸入數據之可觀察性及重要性而分類及釐定級別：

第一級估值：僅使用第一級數據計量的公允值，即於計量日期在活躍市場對相同資產或負債未經調整的報價

第二級估值：使用第二級數據計量的公允值，即不符合第一級的可觀察數據及未有採用不可觀察的重要數據。不可觀察數據乃指無法取得市場資料的數據

第三級估值：使用不可觀察的重要數據計量的公允值

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11 INVESTMENT PROPERTIES (Cont'd)

(b) Fair value measurement of investment properties (Cont'd)

(i) Fair value hierarchy (Cont'd)

		Fair value as at 31 December 2020	Fair value measurement as at 31 December 2020 categorised into level 3 於2020年 12月31日的 分類分為 第三級的 公允值計量 RMB'000 人民幣千元
Recurring fair value measurement	經常性公允值計量		
Investment properties	投資物業	3,144,270	3,144,270

		Fair value as at 31 December 2019	Fair value measurement as at 31 December 2019 categorised into level 3 於2019年 12月31日的 分類分為 第三級的 公允值計量 RMB'000 人民幣千元
Recurring fair value measurement	經常性公允值計量		
Investment properties	投資物業	2,584,100	2,584,100

11 投資物業(續)

(b) 投資物業的公允值計量(續)

(i) 公允值層級(續)

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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11 INVESTMENT PROPERTIES (Cont'd)

(b) Fair value measurement of investment properties (Cont'd)

(i) Fair value hierarchy (Cont'd)

During the year ended 31 December 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2019: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties carried at fair value were revalued as at 31 December 2020. The valuations were carried out by an independent firm of surveyors, Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's property manager and the senior management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

11 投資物業(續)

(b) 投資物業的公允值計量(續)

(i) 公允值層級(續)

截至2020年12月31日止年度，第一級與第二級之間概無轉移，及亦無轉入或轉出第三級(2019年：無)。本集團的政策是於轉移發生的報告期末確認公允值各層級之間的轉移。

於2020年12月31日，本集團所有以公允值列賬之投資物業及在建投資物業由獨立測量師行仲量聯行(其員工具備香港測量師學會資深會員之資格，且對所估物業所在位置及所屬類別有近期相關之經驗)進行重估。本集團物業經理及高級管理層已於各中期及年度報告日期進行估值時與測量師討論有關估值假設及估值結果。

(ii) 有關第三級公允值計量之資料

	Valuation techniques 估值方法	Unobservable input 不可觀察的輸入數據	Range 範圍
Investment properties 投資物業	Market comparison method 市場比較法	Market value (RMB/sq.m.) 市場價值 (人民幣元/平方米)	RMB6,800 (2019: Nil) 人民幣6,800元(2019：無)
Investment properties 投資物業	Income capitalisation method 收益資本法	Yield 收益	3.5% to 6.5% (2019: 4.5% to 5.8%)
		Market monthly rental rate (RMB/sq.m.) 市場每月租值 (人民幣元/平方米)	19.9–90.7 (2019: 17.0–112.0)

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11 INVESTMENT PROPERTIES (Cont'd)

(b) Fair value measurement of investment properties (Cont'd)

(ii) Information about Level 3 fair value measurements (Cont'd)

The fair value of investment properties is generally derived using the income capitalisation method or market comparative method. This income capitalisation method is based on the capitalisation of the income and reversionary potential income by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings within the subject properties and the estimated rental incremental observed in other comparable properties. The market comparison method is determined by reference to recent sales price of comparable properties on a price per square meter basis, adjusted for a premium or a discount specific to the quality of the Group's properties compared to the recent sales.

Certain bank loans granted to the Group were jointly secured by investment properties with a book value of RMB1,147,500,000 (2019: RMB688,300,000) (note 27).

11 投資物業(續)

(b) 投資物業的公允值計量(續)

(ii) 有關第三級公允值計量之資料(續)

投資物業的公允值一般採用收益資本法或市場比較法釐定。收益資本法乃基於通過採用適當之資本化比率，將收入及潛在復歸收入撥充資本，而資本化比率乃通過對銷售交易及估值師分析當時投資者之要求或期望而得出。估值時所採用的市值租金乃根據該物業的近期租務情況及其他可資比較物業已觀察的估計租金增加而釐定。市場比較法乃通過參考其他可資比較物業的近期銷售單價，根據本集團投資物業的質量與近期銷售價格情況進行溢價或折扣調整。

本集團獲授的若干銀行貸款以賬面值人民幣1,147,500,000元(2019年：人民幣688,300,000元)的投資物業作抵押(附註27)。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

11 INVESTMENT PROPERTIES (Cont'd)

(c) Investment property

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 4 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually increased each year to reflect market rentals. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

11 投資物業(續)

(c) 投資物業

本集團以經營租賃方式出租投資物業。租約的最初期限一般為1至4年，並可選擇在所有條款重新協商的日期之後續簽租約。租金通常每年都會增加，以反映市場租金。這些租賃不包括可變的租賃付款。

在報告日期已生效的不可取消經營租賃項下的未貼現租金，本集團將在下述未來各段時間內收取：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Within 1 year	一年內	16,169	5,498
After 1 year but within 2 years	一年後但兩年內	2,725	1,516
After 2 year but within 3 years	兩年後但三年內	1,479	1,511
After 3 year but within 4 years	三年後但四年內	280	-
		20,653	8,525

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

12 INTANGIBLE ASSETS

12 無形資產

		Note 附註	Software and franchises granted 軟件及授予 特許經營權 RMB'000 人民幣千元
Cost:	成本：		
At 1 January 2019	於2019年1月1日		22,567
Additions	添置		1,081
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日		23,648
Additions	添置		1,562
Acquisitions of subsidiaries	收購子公司	24(e)	415
At 31 December 2020	於2020年12月31日		25,625
Accumulated amortisation:	累計減值：		
At 1 January 2019	於2019年1月1日		4,933
Charge for the year	年內支出		2,218
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日		7,151
Charge for the year	年內支出		2,376
At 31 December 2020	於2020年12月31日		9,527
Net book value:	賬面淨值：		
At 31 December 2020	於2020年12月31日		16,098
At 31 December 2019	於2019年12月31日		16,497

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

13 GOODWILL

13 商譽

RMB'000
人民幣千元

Cost and carrying amount	成本及賬面值	
At 31 December 2019, 1 January 2020 and 31 December 2020	於2019年12月31日、2020年1月1日及 2020年12月31日	2,252

The Group carried out impairment testing of the goodwill at the end of each reporting period. In assessing the impairment of goodwill, the recoverable amount of the cash generating units ("CGU") is determined. The CGU related to the goodwill comprises the Company's knowledge and expertise of the management and existing customers. The directors determined that no significant provision for impairment of goodwill is necessary as at 31 December 2020.

本集團於各報告期末對商譽進行減值測試。在評估商譽減值時，會確定現金產生單位（「現金產生單位」）的可收回金額。與商譽有關的現金產生單位包括本公司有關管理及現有客戶的知識及專長。董事認為，於2020年12月31日毋須對商譽減值作出重大撥備。

14 INTEREST IN AN ASSOCIATE

14 於聯營企業的權益

The following list contains the particulars of an associate, which is unlisted corporate entity whose quoted market price is not available:

下表載列聯營企業的詳情，此聯營企業為非上市公司，無法提供市場報價：

Name of associate 名稱	Place of incorporation and business 註冊成立及 營業地點	Particulars of issued capital 已發行 股本詳情	Group's effective interest 本集團 實際權益	Proportion of ownership interest 所有權比例		Principal activity 主要業務
				Held by the Company 本公司所持	Held by a subsidiary 子公司所持	
Beijing Sunac Hydo Corporate Management Company Limited 北京融創毅德企業管理有限公司	PRC 中國	RMB10,000,000 人民幣10,000,000元	30.00%	-	30.00%	Investment management 投資管理

The associate is accounted for using the equity method in the consolidated financial statements.

該聯營企業於綜合財務報表內使用權益法入賬。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

14 INTEREST IN AN ASSOCIATE (Cont'd)

Information of an associate that is not individually material:

		2019 RMB'000 人民幣千元
Carrying amount of an individually immaterial associate in the consolidated financial statements	個別非主要聯營公司於合併財務報表的賬面總值	-
Aggregate amounts of the Group's share of an associate's	本集團應佔該聯營公司總額	
Loss for the year	年度虧損	(1,253)
Total comprehensive loss	全面虧損總額	(1,253)

14 於聯營企業的權益(續)

個別非主要聯營公司的資料：

15 INTEREST IN JOINT VENTURES

Details of the Group's interest in the joint ventures, which is accounted for using the equity method in the consolidated financial statements, are as follows:

15 於合營企業的權益

本集團於合營企業的權益(按權益法於合併財務報表列賬)詳情如下：

Name 名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例			Principal activities 主要業務
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持	Held by a subsidiary 子公司所持	
Hydoo Best Group Co., Ltd. ("Hydoo Best")	Thailand 泰國	Baht2,196,003,600 泰銖2,196,003,600	36.43%	-	36.43%	Property development 房地產開發
Hydoo Best Group Co., Ltd. ("Hydoo Best")	Thailand 泰國	Baht2,196,003,600 泰銖2,196,003,600	36.43%	-	36.43%	Property development 房地產開發
Shenzhen Tiandihui Hydoo Road Port Management Limited 深圳天地匯毅德公路港管理有限公司	PRC 中國	RMB5,000,000 人民幣5,000,000元	25.00%	-	25.00%	Logistics service 物流服務
Shenzhen Yinling Century Technology Company Limited 深圳市引領世紀科技有限公司	PRC 中國	RMB5,000,000 人民幣5,000,000元	50.00%	-	50.00%	Investment management 投資管理

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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15 INTEREST IN JOINT VENTURES (Cont'd)

15 於合營企業的權益(續)

Name 名稱	Place of incorporation and business 註冊成立及 營業地點	Particulars of issued capital 已發行 股本詳情	Group's effective interest 本集團 實際權益	Proportion of ownership interest 所有權比例		Principal activities 主要業務
				Held by the Company 本公司所持	Held by a subsidiary 子公司所持	
Beijing Hydoo North Enterprise Management Co., Ltd. 北京毅德北方企業管理有限公司	PRC 中國	RMB10,000,000 人民幣10,000,000元	30.00%	-	30.00%	Investment management 投資管理
Huizhou Dayawan Hydoo Yingtai Investment Co., Ltd. 惠州大亞灣毅德盈泰投資有限公司	PRC 中國	RMB10,000,000 人民幣10,000,000元	67.00%	-	67.00%	Consulting Service 諮詢服務

The Group and the other shareholders of the above joint ventures agree to share control of the arrangement and have rights to the net assets of the arrangement based on the composition of governing bodies.

本集團及以上合營企業的其他股東在合約上協定分享此項安排的控制權，並有權基於主管部門的組成擁有上述安排的淨資產。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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15 INTEREST IN JOINT VENTURES (Cont'd)

Aggregate information of joint ventures that are not individually material:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	個別非主要合營企業於合併財務報表的賬面總值	131,583	134,783
Aggregate amounts of the Group's share of those joint ventures	本集團應佔該等合營企業		
Loss for the year	年度虧損總額	(241)	(3,507)
Total comprehensive income	全面收入總額	(241)	(3,507)

As at 31 December 2020, the Group's interest in Hydoo Best amounted to RMB125,359,000 (2019: RMB125,818,000).

In 2018, Hydoo Best was unable to get reimbursement of the cost of certain pieces of land which have to be returned to the original vendor by the order of the court. In addition, the joint venture partner of Hydoo Best was obligated to repurchase certain shares in Hydoo Best held by the Group but failed to do so within the specified time frame. This resulted in a loss on the interest in Hydoo Best held by the Group. In 2019, the Group brought a lawsuit against the joint venture partner in the regard.

15 於合營企業的權益(續)

個別非主要合營企業的總體資料：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	個別非主要合營企業於合併財務報表的賬面總值	131,583	134,783
Aggregate amounts of the Group's share of those joint ventures	本集團應佔該等合營企業		
Loss for the year	年度虧損總額	(241)	(3,507)
Total comprehensive income	全面收入總額	(241)	(3,507)

於2020年12月31日，本集團對Hydoo Best的股東權益為人民幣125,359,000元(2019年：人民幣125,818,000元)。

在2018年，Hydoo Best無法獲得由法院命令必須返還給原賣方的土地的相應成本賠償。此外，Hydoo Best的合營夥伴有義務從本集團購回持有的Hydoo Best的若干股份，但未能按時履行其回購責任。這導致本集團對Hydoo Best的投資損失。於2019年，本集團向合營夥伴就此事提起了訴訟。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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15 INTEREST IN JOINT VENTURES (Cont'd)

The directors expect that the Group will be able to recover part of its interest in Hydo Best by applying public auction of the land pieces still held by Hydo Best based on the legal opinion obtained from an external legal counsel. With reference to the fair value of these land pieces which were assessed by the Group's directors based on a valuation report prepared by external valuers, the Group has made a provision for impairment loss of RMB19,752,000 on the interest in Hydo Best and a specific loss allowance of RMB19,613,000 on the amount due from Hydo Best in 2018. Based on the fair value of the land pieces assessed as at 31 December 2020, the directors considered that no further provision for impairment loss was necessary during the year.

The fair value of the land pieces still held by Hydo Best was revalued as at 31 December 2020. The valuations were carried out by an independent firm of surveyors, JLL, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued. The Group's management have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at the reporting date.

15 於合營企業的權益(續)

董事預期，基於所取得的外部法律顧問的法律意見，預期本集團可以通過申請公開拍賣Hydo Best仍持有的土地以收回其在Hydo Best的部分投資。經參考本集團董事基於外部估值師編製的估值報告作出評估的該等土地的公允價值，本集團於2018年就對Hydo Best的權益作出減值虧損撥備人民幣19,752,000元及就應收該合營公司的款項作出特定虧損撥備人民幣19,613,000元。基於該等土地於2020年12月31日的公允價值，董事認為本年無需進一步的減值虧損撥備。

Hydo Best仍持有的土地於2020年12月31日的公允價值由獨立測量師行仲量聯行(其員工具備香港測量師學會資深會員之資格，且對所估物業所在位置及所屬類別有近期相關之經驗)進行重估。本集團物的管理層已與測量師討論有關於年度報告日期進行估值時的估值假設及估值結果。

	Valuation techniques 估值方法	Unobservable input 不可觀察的輸入數據	Range 範圍
Land	Direct market comparison approach	Average market price (RMB/sq.m.)	RMB667/sq.m. to RMB953/sq.m. (2019: RMB600/sq.m. to RMB1,456/sq.m.)
土地	直接市場比較法	平均市場價 (人民幣元/平方米)	人民幣667元/平方米至 人民幣953元/平方米 (2019: 人民幣600元/ 平方米至 人民幣1,456元/平方米)

The fair value of properties located in Thailand is determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of Hydo Best's land pieces compared to the recent sales. Higher premium for higher quality land pieces will result in a higher fair value measurement.

位於泰國的房地產的公允價值採用市場比較法，參照可比房地產最近的銷售價格，以每平方英尺的價格為基礎，根據Hydo Best的土地質量與最近的銷售相比的溢價或折扣進行調整。高質量地塊的較高溢價將導致較高的公允價值計量。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

16 合併財務狀況表內的所得稅

(a) 合併財務狀況表內的即期稅項指：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Prepaid tax:	預付稅項：		
PRC CIT	中國企業所得稅	12,357	33,615
PRC LAT	中國土地增值稅	132,592	131,471
		144,949	165,086
Current tax liabilities:	即期稅項負債：		
PRC CIT	中國企業所得稅	313,598	311,856
PRC dividend withholding tax	中國股息預扣稅	33,038	33,038
PRC LAT	中國土地增值稅	389,777	350,326
		736,413	695,220

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

16 合併財務狀況表內的所得稅(續)

(b) Deferred tax assets and liabilities recognised:

(b) 已確認遞延稅項資產及負債：

(i) Movement of each component of deferred tax assets and liabilities

(i) 遞延稅項資產及負債各組成部分變動

The components of deferred tax (liabilities)/assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

於合併財務狀況表確認的遞延稅項(負債)/資產的組成部分及年內的變動如下：

Deferred tax arising from:

遞延稅項由以下各項產生：

		Fair value adjustment for investment properties	Tax losses	Unrealised gain on intra-group transactions	Fair value adjustment for other financial assets	Amortisation of capitalised contract costs	Credit loss allowance	Deferred income	Provision for PRC LAT	Provision for construction cost	Other temporary expenses	Total
		投資物業的公允價值調整	稅項虧損	集團內部交易	其他金融資產的公允價值調整	資本化合約成本攤銷	信用虧損撥備	遞延收入	中國土地增	建設成本撥備	其他臨時費用	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2019	於2019年1月1日	(239,721)	82,628	-	(9,346)	(1,230)	4,012	146,025	71,261	-	590	54,219
(Charged)/credited to the consolidated statement of profit or loss (note 6(a))	於合併損益表(扣除)計入(附註6(a))	16,213	64,483	-	(10,532)	(3,700)	6,294	(36,603)	(34,150)	3,949	248	6,202
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日	(223,508)	147,111	-	(19,878)	(4,930)	10,306	109,422	37,111	3,949	838	60,421
Acquisition of subsidiaries (note 24(e))	收購子公司(附註24(e))	(6,895)	4,340	-	-	-	-	-	-	-	-	(2,555)
(Charged)/credited to the consolidated statement of profit or loss (note 6(a))	於合併損益表(扣除)計入(附註6(a))	(75,916)	22,913	1,280	(12,145)	2,258	4,283	(23,073)	36,359	5,610	1,254	(37,177)
At 31 December 2020	於2020年12月31日	(306,319)	174,364	1,280	(32,023)	(2,672)	14,589	86,349	73,470	9,559	2,092	20,689

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

- (b) Deferred tax assets and liabilities recognised: (Cont'd)
(ii) *Reconciliation to the consolidated statement of financial position*

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Net deferred tax assets recognised in the consolidated statement of financial position	於合併財務狀況表確認的遞延稅項資產淨值	215,325	169,345
Net deferred tax liabilities recognised in the consolidated statement of financial position	於合併財務狀況表確認的遞延稅項負債淨額	(194,636)	(108,924)
		20,689	60,421

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(u), the Group has not recognised deferred tax assets in respect of cumulative tax losses of certain subsidiaries of RMB571,281,000 as at 31 December 2020 (2019: RMB710,269,000). The directors consider it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entities.

The unrecognised tax losses will expire by the end of the following years, if unused:

16 合併財務狀況表內的所得稅(續)

- (b) 已確認遞延稅項資產及負債：(續)
(ii) 與合併財務對賬

(c) 未確認遞延稅項資產

根據附註1(u)所載的會計政策，於2020年12月31日，本集團並未就若干子公司的累計稅項虧損人民幣571,281,000元(2019年：人民幣710,269,000元)確認遞延稅項資產。董事認為不大可能在有關稅務司法權區及實體獲得可用於抵銷虧損的未來應課稅利潤。

倘未經使用，未確認的稅項虧損將於以下年份結束時屆滿：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
2020	2020年	-	118,752
2021	2021年	76,795	125,503
2022	2022年	111,162	113,722
2023	2023年	110,071	116,141
2024	2024年	212,476	236,151
2025	2025年	60,777	-
Total	總計	571,281	710,269

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

(d) Deferred tax liabilities not recognised

As set out in note 6(a), withholding tax is levied on Hong Kong companies in respect of dividend distributions arising from profit of PRC subsidiaries. Since the Group could control the quantum and timing of distribution of profits of the Group's subsidiaries in the Mainland China, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

At 31 December 2020, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB3,538,923,000 (2019: RMB3,059,115,000). Deferred tax liabilities of RMB176,946,000 (2019: RMB152,956,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

17 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Group's effective interest 本集團實際權益	Proportion of ownership interest 所有權比例		Principal activities 主要業務
				Held by the Company 本公司所持	Held by a subsidiary 子公司所持	
Hong Kong Hydoo Holding Limited 香港毅德控股有限公司	Hong Kong 香港	HK\$100,000 100,000港元	100%	100%	-	Investment management 投資管理
Hong Kong Hydoo Group Investment Company Limited 香港毅德集團投資有限公司	Hong Kong 香港	HK\$100,000 100,000港元	100%	100%	-	Investment management 投資管理

16 合併財務狀況表內的所得稅(續)

(d) 未確認遞延稅項負債

誠如附註6(a)所載，向香港公司派付中國子公司溢利產生的股息會收預扣稅。由於本集團能控制本集團中國內地子公司派發利潤的數額及時間，故本集團僅在該等利潤預期將於可預見未來派發的情況下計提遞延稅項負債。

於2020年12月31日，子公司未分派利潤的暫時差額為人民幣3,538,923,000元(2019年：人民幣3,059,115,000元)。本集團未就於分派該等保留利潤應付的稅項確認遞延稅項負債人民幣176,946,000元(2019年：人民幣152,956,000元)，因為本集團控制該等子公司的股息政策且已釐定可能不會於可預見未來分派利潤。

17 於子公司的投資

下表僅載列對本集團業績、資產或負債有重大影響的主要子公司的詳情。除非另有說明，否則所持有股份的類別為普通股。

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17 INVESTMENTS IN SUBSIDIARIES (Cont'd)

17 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例		Principal activities 主要業務	
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持		
Hydoo Estate (Ganzhou) Company Limited ("Hydoo Estate (Ganzhou)") 毅德置業(贛州)有限公司* (「毅德置業(贛州)」)	The PRC 中國	US\$32,050,000 32,050,000美元	100%	-	100%	Property development and investment holding 房地產開發及投資控股
Ningxiang Hydoo Guangcai Trade Center Development Company Limited ("Ningxiang Trade Center") 寧鄉毅德光彩貿易廣場 開發有限公司* (「寧鄉貿易廣場」)	The PRC 中國	RMB60,000,000 人民幣60,000,000元	100%	-	100%	Property development 房地產開發
Jining Hydoo Logistics Center Development Company Limited ("Jining Logistics Center") 濟寧毅德物流城開發有限公司* (「濟寧物流城」)	The PRC 中國	RMB200,000,000 人民幣200,000,000元	100%	-	100%	Property development 房地產開發
Mianyang West Modern Trade Center Development Company Limited ("Mianyang Trade Center") 綿陽西部現代物流城開發 有限公司* (「綿陽物流城」)	The PRC 中國	RMB200,000,000 人民幣200,000,000元	100%	-	100%	Property development 房地產開發
Guangxi Yulin Modern Trade Center Development Company Limited ("Yulin Trade Center") 廣西玉林現代物流城 開發有限公司* (「玉林物流城」)	The PRC 中國	RMB220,000,000 人民幣220,000,000元	100%	-	100%	Property development 房地產開發

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17 INVESTMENTS IN SUBSIDIARIES (Cont'd)

17 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例		Principal activities 主要業務	
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持		
Shenzhen Hydoo Investment Management Company Limited ("Shenzhen Hydoo") 深圳市毅德投資管理 有限公司* (「深圳毅德」)	The PRC 中國	RMB100,000,000 人民幣100,000,000元	100%	-	100%	Investment management 投資管理
Ganzhou Hydoo Commercial and Trade Logistics Park Development Co., Ltd. ("Ganzhou Trade Center") 贛州毅德商貿物流園 開發有限公司* (「贛州商貿物流園」)	The PRC 中國	RMB800,000,000 人民幣800,000,000元	100%	-	100%	Property development 房地產開發
Wuzhou Hydoo Commercial and Trade Center Development Co., Ltd. ("Wuzhou Trade Center") 梧州毅德商貿物流城 開發有限公司* (「梧州商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	-	100%	Property development 房地產開發
Heze Hydoo Commercial and Trade Center Company Limited ("Heze Trade Center") 菏澤毅德商貿物流城有限公司* (「菏澤商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	-	100%	Property development 房地產開發
Yantai Hydoo International Commercial and Trade Center Company Limited ("Yantai Trade Center") 煙台毅德國際商貿城有限公司* (「煙台商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	-	100%	Property development 房地產開發

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17 INVESTMENTS IN SUBSIDIARIES (Cont'd)

17 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Group's effective interest 本集團實際權益	Proportion of ownership interest 所有權比例		Principal activities 主要業務
				Held by the Company 本公司所持	Held by a subsidiary 子公司所持	
Lanzhou Hydoo Commercial and Trade Center Company Limited ("Lanzhou Trade Center") 蘭州毅德商貿城有限公司* (「蘭州商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	-	100%	Property development 房地產開發
Ganzhou Jiuzhi Property Management Services Company Limited ("Ganzhou Jiuzhi") 贛州市久治物業管理有限公司* (「贛州久治」)	The PRC 中國	RMB5,200,000 人民幣5,200,000元	100%	-	100%	Property management services 物業管理服務
Heze Hydoo Industrial Company Limited ("Heze Industrial") 菏澤毅德城實業有限公司* (「菏澤實業」)	The PRC 中國	US\$45,000,000 45,000,000美元	100%	-	100%	Property development 房地產開發
Shenzhen Qianhai Hydoo Financial Leasing Company Limited 深圳前海毅德融資 租賃有限公司*	The PRC 中國	RMB320,000,000 人民幣320,000,000元	100%	-	100%	Finance lease 融資租賃
Liuzhou Hydoo Commercial and Trade Center Company Limited ("Liuzhou Trade Center") 柳州毅德商貿物流城有限公司* (「柳州商貿物流城」)	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	-	100%	Property development 房地產開發
Shenzhen Hydoo Microfinance Company Limited 深圳市毅德小額貸款有限公司*	The PRC 中國	RMB300,000,000 人民幣300,000,000元	100%	-	100%	Finance 融資

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17 INVESTMENTS IN SUBSIDIARIES (Cont'd)

17 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例		Principal activities 主要業務	
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持		
Xingning Honglong Logistics Center Company Limited (i) 興寧鴻隆物流城有限公司*(i)	The PRC 中國	RMB200,000,000 人民幣200,000,000元	60%	-	60%	Property development 房地產開發
Xishui Chuangmeng Real Estate Development Company Limited (i) ("Xishui Chuangmeng") 習水創盟房地產開發 有限公司*(i) (「習水創盟」)	The PRC 中國	RMB170,000,000 人民幣170,000,000元	40%	-	47%	Property development 房地產開發
Guizhou Renhuai Chuangmeng Real Estate Development Company Limited (i) ("Renhuai Chuangmeng") 貴州仁懷創盟房地產 開發有限公司*(i) (「仁懷創盟」)	The PRC 中國	RMB170,000,000 人民幣170,000,000元	32%	-	38%	Property development 房地產開發
Dongguan Dajiang Real Estate Development Company Limited (i) ("Dongguan Dajiang") 東莞市大江房地產開發 有限公司*(i) (「東莞大江」)	The PRC 中國	RMB100,000,000 人民幣100,000,000元	51%	-	51%	Property development 房地產開發
Dongguan Huahai Industry Company Limited (i) ("Dongguan huahai") 東莞市華海實業投資 有限公司*(i) (「東莞華海」)	The PRC 中國	RMB6,960,000 人民幣6,960,000元	51%	-	51%	Property development 房地產開發

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17 INVESTMENTS IN SUBSIDIARIES (Cont'd)

17 於子公司的投資(續)

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued capital 已發行股本詳情	Proportion of ownership interest 所有權比例		Principal activities 主要業務	
			Group's effective interest 本集團實際權益	Held by the Company 本公司所持		Held by a subsidiary 子公司所持
Dongguan Dahu Real Estate Development Company Limited (i) ("Dongguan Dahu") 東莞市大湖房地產開發 有限公司*(i) (「東莞大湖」)	The PRC 中國	RMB160,000,000 人民幣160,000,000元	51%	-	51%	Property development 房地產開發
Shenzhen Zhongbao Harbour Industry Company Limited 深圳中寶港灣實業有限公司*	The PRC 中國	RMB100,000,000 人民幣100,000,000元	51%	-	51%	Industry and commerce 實業
Shenzhen Xiangsheng Union Industrial Development Company Limited (i) ("Shenzhen Xiangsheng") 深圳市祥勝聯合實業發展 有限公司*(i) (「深圳祥勝」)	The PRC 中國	RMB200,000,000 人民幣200,000,000元	51%	-	51%	Property development 房地產開發

* These entities are all PRC limited liability companies. The English translation of the company names is for reference only. The official names of these companies are in Chinese.

(i) These entities were acquired by the Group during the year ended 31 December 2020. Please refer to note 24(e) for details.

The directors consider that no individual non-controlling interest is material to the Group as at 31 December 2020 and 2019.

* 該等實體均為中國有限公司。該等公司的英文翻譯名僅供參考。該等公司的中文名稱為官方名稱。

(i) 這些公司為本集團截止至2020年12月31日收購的。詳情請見附註24(e)。

於2020年及2019年12月31日，董事認為，概無個別對本集團屬重大的非控股權益。

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18 FINANCE LEASE RECEIVABLES

18 融資租賃應收款項

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Finance lease receivables	融資租賃應收款項	30,365	74,520
Less: due within one year (note 22)	減：1年內到期(附註22)	(22,155)	(58,828)
		8,210	15,692

As at 31 December 2020, the total future minimum lease payments receivable under finance leases were as follows:

於2020年12月31日，根據融資租賃應收未來最低租金總額如下：

		2020				2019			
		Lease payments receivable	Unearned finance income	Loss allowance	Carrying amount	Lease payments receivable	Unearned finance income	Loss allowance	Carrying amount
		應收租金 RMB'000 人民幣千元	未賺取 融資收入 RMB'000 人民幣千元	虧損撥備 RMB'000 人民幣千元	賬面值 RMB'000 人民幣千元	應收租金 RMB'000 人民幣千元	未賺取 融資收入 RMB'000 人民幣千元	虧損撥備 RMB'000 人民幣千元	賬面值 RMB'000 人民幣千元
Within 1 year (inclusive)	1年內(包括該年)	35,896	(1,752)	(11,989)	22,155	75,699	(4,397)	(12,474)	58,828
After 1 year but within 5 years (inclusive)	1至5年 (包括首尾兩年)	9,181	(685)	(286)	8,210	18,101	(2,060)	(349)	15,692
		45,077	(2,437)	(12,275)	30,365	93,800	(6,457)	(12,823)	74,520

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19 OTHER NON-CURRENT ASSETS

19 其他非流動資產

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Financial assets measured at amortised cost	按攤餘成本計量的金融資產		
– Loans to the third parties (i)	– 應收第三方貸款(i)	–	61,608
Financial assets measured at FVTPL	按公允價值計量且其變動計入 當期損益的金融資產		
– Unlisted equity investments not held for trading	– 並非持作買賣的非上市權益投資	253,062	191,398
– Amount due from an associate (ii)	– 應收一間聯營公司款項(ii)	84,826	77,936
		337,888	269,334
Deposit and prepayment (iii)	押金及預付款項(iii)	–	73,876
		337,888	404,818

(i) As at 31 December 2019, loans to the third parties are interest-bearing from 14% to 16% per annum, unsecured and to be recovered in 2021, which are classified to current assets as at 31 December 2020.

(ii) As at 31 December 2020, the amount due from an associate measured at FVTPL included consideration receivables of disposed entities amounted RMB52,646,000 (2019: RMB45,756,000) and the amounts due from disposed entities of RMB32,180,000 (2019: RMB32,180,000). The amount due from an associate measured at FVTPL will be recovered according to the development progress of the underlying projects in the disposed project companies.

(iii) As at 31 December 2019, deposit and prepayment mainly included an earnest payment for a development project, which is interest-bearing and expected to be settled by 2021 and is classified as current asset as at 31 December 2020.

(i) 於2019年12月31日，提供給第三方的貸款計息年利為14%至16%，無擔保，將於2021年收回，於2020年12月31日劃分為流動資產。

(ii) 於2020年12月31日，按公允價值計量且其變動計入當期損益的應收一間聯營公司款項包括出售附屬公司的應收代價人民幣52,646,000元（2019年：人民幣45,756,000元），及應收出售實體的款項人民幣32,180,000元（2019年：人民幣32,180,000元）。按公允價值計量且其變動計入當期損益的應收一間聯營公司款項將根據該等出售附屬公司的相關項目的發展進度結付。

(iii) 於2019年12月31日，押金及預付款項主要包括為開發項目而支付的計息誠意金，預計將於2021年收回，且在2020年12月31日被定義為流動資產。

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20 INVENTORIES AND OTHER CONTRACT COSTS

20 存貨及其他合約成本

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Inventories	存貨		
Property development	物業開發		
– Leasehold land held for and under development for sale	– 待售未來待開發租賃土地及待售在建物業	5,758,835	4,738,271
– Completed properties held for sale	– 待售已完工物業	3,597,357	2,620,154
		9,356,192	7,358,425
Others	其他	2,319	993
		9,358,511	7,359,418
Other contract costs	其他合約成本	10,836	24,313
		9,369,347	7,383,731

As at 31 December 2020, certain properties under development for sale, completed properties held for sale and leasehold land held for future development for sale were pledged for certain bank loans granted to the Group (note 27) and parking lots financing arrangement (note 25).

於2020年12月31日，若干待售在建物業、待售已完工物業及待售未來待開發租賃土地用作本集團獲授若干銀行貸款的抵押(附註27)及車位融資安排(附註25)。

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20 INVENTORIES AND OTHER CONTRACT COSTS (Cont'd)

- (a) The analysis of carrying amount of leasehold land included in properties development for sale is as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
In the Mainland China, with remaining lease term of	於中國內地，剩餘租賃期內		
50 years or more	50年或以上	1,224,176	200,983
between 10 and 50 years	10年到50年	2,528,158	2,112,488
		3,752,334	2,313,471

- (b) Properties held for future development for sale in the consolidated statement of financial position comprise:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Expected to be recovered within one year	預期於一年內收回	22,003	-
Expected to be recovered after more than one year	預期於一年以後收回	2,397,986	888,809
		2,419,989	888,809

20 存貨及其他合約成本(續)

- (a) 計入物業開發的租賃土地的賬面值分析如下：

- (b) 合併財務狀況表內的待售未來待開發物業包括：

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20 INVENTORIES AND OTHER CONTRACT COSTS (Cont'd)

(c) Properties under development for sale in the consolidated statement of financial position comprise:

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Expected to be recovered within one year	預期於一年內收回	649,756	1,765,072
Expected to be recovered after more than one year	預期於一年以後收回	2,689,090	2,084,390
		3,338,846	3,849,462

20 存貨及其他合約成本(續)

(c) 合併財務狀況表內的待售在建物業包括：

(d) Completed properties held for sale in the consolidated statement of financial position comprise:

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Expected to be recovered within one year	預期於一年內收回	851,374	769,758
Expected to be recovered after more than one year	預期於一年以後收回	2,745,983	1,850,396
		3,597,357	2,620,154

(d) 合併財務狀況表內待售已完工的物業包括：

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20 INVENTORIES AND OTHER CONTRACT COSTS (Cont'd)

(e) Other contract costs

Contract costs capitalised as at 31 December 2020 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "selling and distribution costs" in the statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB17,796,000 (2019: RMB1,023,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year.

The Group applies the practical expedient in paragraph 94 of IFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting period as the date of entering into the contract.

As at 31 December 2020, the amount of capitalised contract costs that is expected to be recovered after more than one year is RMB4,376,000. As at 31 December 2019, all of the capitalised contract costs are expected to be recovered within one year.

21 OTHER FINANCIAL ASSETS

20 存貨及其他合約成本(續)

(e) 其他合約成本

於2020年12月31日資本化的合約成本與支付予物業代理的增量銷售佣金有關，該等物業代理的銷售活動導致客戶就本集團於報告日期仍在建的物業訂立買賣協議。合約成本於確認相關物業銷售收益期間在損益表確認為「銷售和分銷成本」的一部分。年內於損益確認的資本化成本金額為人民幣17,796,000元(2019年：人民幣1,023,000元)。資本化成本的年初結餘或年內資本化的成本並無發生減值。

本集團利用國際財務報告準則第15號第94段的實際權益方法，並且認可當資產在攤銷期間發生時獲得與銷售已完工物業以及服務相關的合同的增量成本作為一項支出，否則，本集團將在簽訂合同之日的同一報告期內確認。

截至2020年12月31日，預計一年以上可收回的資本化合約成本金額為人民幣4,376,000元。截至2019年12月31日，所有資本化合約成本預計將在一年內收回。

21 其他金融資產

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Financial assets measured at FVTPL	按公允價值計量且其變動計入 當期損益的金融資產		
- Derivative financial instrument	- 衍生金融工具	-	10,340
- Wealth management products	- 理財產品	9,000	800
		9,000	11,140

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(除另有指明外，均以人民幣列示)

22 TRADE AND OTHER RECEIVABLES

22 貿易及其他應收款項

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade receivables (a)	貿易應收款項(a)	244,911	243,289
Less: loss allowance	減：虧損撥備	(8,994)	(6,322)
		235,917	236,967
Finance lease receivables (note 18)	融資租賃應收款項(附註18)	34,144	71,302
Less: loss allowance (note 18)	減：虧損撥備(附註18)	(11,989)	(12,474)
		22,155	58,828
Amounts due from joint ventures (c)	應收合營公司款項(c)	62,837	41,013
Less: loss allowance (note 15)	減：虧損撥備(附註15)	(19,613)	(19,613)
		43,224	21,400
Other debtors, net of loss allowance (b)	其他應收款項抵減虧損撥備後淨額(b)	574,605	119,210
Financial assets measured at amortised cost	以攤銷成本計量的金融資產	875,901	436,405
Prepaid sales related tax and other taxes	預付銷售相關稅金及其他稅金	295,603	281,940
Deposits and prepayments (d)	定金及預付款項(d)	1,677,899	643,344
		2,849,403	1,361,689

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22 TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Ageing analysis

As at the end of the reporting period, the ageing analysis of trade receivables (net of loss allowance) based on the date the relevant trade receivables recognised, is as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Within 1 month	1個月內	19,236	18,483
1 to 3 months	1至3個月內	12,749	11,588
3 to 6 months	3至6個月內	4,095	3,207
Over 6 months (note)	6個月以上(附註)	199,837	203,689
		235,917	236,967

Note: As at 31 December 2020, included in the trade receivables was RMB208,831,000 (2019: RMB210,011,000), net of provision for loss allowance of RMB8,994,000 (2019: RMB6,322,000) which was aged over one year and mainly due from a government authority.

The details on the Group's credit policy are set out in note 38(a).

Trade receivables are primarily related to proceeds from the sale of properties. Proceeds from the sale of properties are made in lump-sum payments or paid by instalments in accordance with the terms of the corresponding contracts.

22 貿易及其他應收款項(續)

(a) 賬齡分析

於報告期末，按相關貿易應收款項確認日期劃分的貿易應收款項(扣除虧損撥備)的賬齡分析如下：

	2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Within 1 month	19,236	18,483
1 to 3 months	12,749	11,588
3 to 6 months	4,095	3,207
Over 6 months (note)	199,837	203,689
	235,917	236,967

附註：賬齡超過一年的扣除虧損撥備前的應收賬款金額為人民幣208,831,000元(2019年：人民幣210,011,000元)，其中計提虧損撥備金額為人民幣8,994,000元(2019年：人民幣6,322,000元)，這部分主要來自於一家政府機構。

本集團信貸政策的詳情載於附註38(a)。

貿易應收款項主要與物業銷售所得款項有關。物業銷售所得款項根據相應合約條款一次性支付或分期支付。

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22 TRADE AND OTHER RECEIVABLES (Cont'd)

- (b) The details on the other debtors, net of loss allowance are set out in below:

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Loans to third parties (i)	向第三方提供貸款(i)	256,101	27,437
Amount due from a non-controlling interest (ii)	應收少數股東款項(ii)	230,086	-
Others	其他	88,418	91,773
		574,605	119,210

- (i) As at 31 December 2020, loans to third parties are interest-bearing at a weighted average rate of 14.76% (2019: 14.72%) per annum, unsecured and to be recovered within one year.

- (ii) The balances at 31 December 2020 represented amount due from a non-controlling interest recorded by a subsidiary, which was acquired by the Group during 2020.

- (c) The amounts due from joint ventures are unsecured, interest-free and have no fixed repayment terms. The Group has fully provided loss allowance on the amount due from Thailand Joint Venture amounted to RMB19,613,000 in prior year (see note 15).

- (d) The details on the deposits and prepayments are set out in below:

22 貿易及其他應收款項(續)

- (b) 其他應收款項(扣除虧損撥備)詳情載列如下：

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Loans to third parties (i)	向第三方提供貸款(i)	256,101	27,437
Amount due from a non-controlling interest (ii)	應收少數股東款項(ii)	230,086	-
Others	其他	88,418	91,773
		574,605	119,210

- (i) 於2020年12月31日，向第三方提供的貸款以加權平均年利率14.76%計息(2019年：加權平均年利率14.72%)，無抵押擔保並可於一年內收回。

- (ii) 應收非控股股東於2020年12月31日的餘額是本集團於2020年收購的子公司已記賬的餘額。

- (c) 應收合營企業款項的結餘為無抵押、免息及無固定還款期，本集團對應收泰國合營企業的餘額已經於以前年度全額計提減值虧損撥備人民幣19,613,000元(附註15)。

- (d) 押金及預付款項詳情載列如下：

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Deposits and prepayments for purchase of land use right	購買土地使用權押金及預付款	640,529	416,484
Deposits and prepayments for acquisition of development projects	收購開發項目押金及預付款	526,289	110,000
Others	其他	511,081	116,860
		1,677,899	643,344

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23 PLEDGED AND RESTRICTED CASH

23 已抵押及受限制現金

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Pledged to banks for certain mortgage facilities	就若干按揭融資而抵押予銀行	175,447	283,641
Pledged for bank loans	就銀行貸款抵押	–	207,340
Pledged for bills payables and discounted bills	就應付票據和貼現票據抵押	360,000	97,741
Restricted cash (i)	受限制現金(i)	32,714	17,321
		568,161	606,043

Note:

(i) As at 31 December 2020, included in restricted cash are cash of RMB27,388,000 frozen by banks due to pending litigation.

附註：

(i) 於2020年12月31日，受限制現金中包括未決訴訟被銀行凍結的資金人民幣27,388,000元。

24 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

24 現金及現金等值物

(a) 現金及現金等值物包括：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Cash at bank and on hand	銀行存款及現金	1,783,235	1,571,204

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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24 CASH AND CASH EQUIVALENTS (Cont'd)

24 現金及現金等值物(續)

(b) Reconciliation of profit/(loss) before taxation to cash generated from operations

(b) 除稅前利潤／(虧損)與經營業務所得的現金的對賬

		2020	2019
	Note	RMB'000	RMB'000
	附註	人民幣千元	人民幣千元
Profit/(loss) before taxation	除稅前利潤／(虧損)	725,883	(144,361)
Adjustments for:	就下列項目調整：		
Finance income	財務收入	(38,849)	(47,781)
Finance costs	融資成本	276,788	228,341
Fair value (gain)/loss on investment properties	投資物業公允價值(收益)／損失	(172,315)	77,454
Reversal of provision of inventories	存貨減值準備轉回	(5,005)	(17,020)
Impairment loss on financial assets measured at amortised cost	以攤餘成本計量的金融資產的減值虧損	28,109	21,258
Government grants related to investment properties recognised in other income	於其他收入確認投資物業相關的政府補助	(4,271)	-
Depreciation and amortisation	折舊及攤銷	35,721	39,879
Net realised and unrealised fair value gain from financial assets measured at FVTPL	按公允價值計量且其變動計入當期損益的金融資產已實現及未實現公允價值收益淨額	(69,024)	(18,924)
Net unrealised fair value loss from financial liabilities measured at FVTPL	按公允價值計量且其變動計入當期損益的金融負債未實現公允價值損失淨額	7,495	-
Net gain on disposal of a joint venture	出售合營企業的收益淨額	(650)	-
Net gain on disposal of subsidiaries	出售子公司的收益淨額	-	(187,099)
Equity settled share-based payment expenses	以權益結算以股份為基礎的付款開支	8,666	-
Share of losses of joint ventures	分佔合營企業虧損	241	3,507
Share of loss of an associate	分佔聯營企業虧損	-	1,253
Net loss on disposal of investment properties	出售投資物業的損失淨額	25,017	12,752
Net gain on disposal of property, plant and equipment	出售物業、廠房及設備收益淨額	(900)	(2,125)
Changes in working capital:	營運資金變動：		
Decrease in inventories and other contract costs	存貨及其他合約成本減少	465,099	49,851
(Increase)/decrease in trade and other receivables	貿易及其他應收款項(增加)／減少	(179,499)	205,698
Decrease in pledged and restricted cash	已抵押及受限資金減少	130,542	199,143
Increase/(decrease) in trade and other payables	貿易及其他應付款項增加／(減少)	1,807,972	(525,559)
(Decrease)/increase in contract liabilities	合約負債(減少)／增加	(2,082,861)	1,145,864
Decrease in deferred income	遞延收入減少	(125,770)	(143,974)
Cash generated from operations	經營業務所得現金	832,389	898,157

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24 CASH AND CASH EQUIVALENTS (Cont'd)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

		Bank loans and other borrowings 銀行貸款及其他借貸 (note 27) (附註27) RMB'000 人民幣千元	Senior notes 優先票據 (note 28) (附註28) RMB'000 人民幣千元	Corporate bonds 公司債券 (note 29) (附註29) RMB'000 人民幣千元	Lease liabilities 租賃負債 (note 31) (附註31) RMB'000 人民幣千元	Amounts due to controlling shareholders 應付控股股東款項 (note 30) (附註30) RMB'000 人民幣千元	Other current liabilities 其他流動負債 (note 33) (附註33) RMB'000 人民幣千元	Other payables 其他應付款項 (note 25) (附註25) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2020	於2020年1月1日	1,233,683	1,653,019	259,700	42,084	-	-	-	3,188,486
Proceeds from new bank loans and other borrowings	新增銀行貸款及其他借貸所得款項	641,000	-	-	-	-	-	-	641,000
Net proceeds from the issuance of senior notes	發行優先票據所得款項淨額	-	601,219	-	-	-	-	-	601,219
Advances from controlling shareholders	控股股東墊款	-	-	-	-	867,000	-	-	867,000
Advances from non-controlling interests	非控股股東墊款	-	-	-	-	-	-	86,866	86,866
Repayment of advances from non-controlling interests	償還非控股股東墊款	-	-	-	-	-	-	(92,064)	(92,064)
Advances from third parties	第三方墊款	-	-	-	-	-	-	98,528	98,528
Repayment of advances from third parties	償還第三方墊款	-	-	-	-	-	-	(113,830)	(113,830)
Proceed from discounted bills	已貼現票據所得	-	-	-	-	-	300,000	-	300,000
Proceeds from parking lots financing arrangements	車位融資安排所得	-	-	-	-	-	-	77,075	77,075
Repayment of bank loans and other borrowings	償還銀行貸款及其他借貸	(564,424)	-	-	-	-	-	-	(564,424)
Repayment of senior notes	償還優先票據	-	(323,254)	-	-	-	-	-	(323,254)
Repayment of corporate bonds	償還公司債券	-	-	(260,000)	-	-	-	-	(260,000)
Capital element of lease rentals paid	已付租賃租金的資本部分	-	-	-	(5,554)	-	-	-	(5,554)
Interest element of lease rentals paid	已付租賃租金的利息部分	-	-	-	(4,158)	-	-	-	(4,158)
Interest and other borrowing costs paid during the year	年內已付利息及其他借貸成本	(109,944)	(269,834)	(19,500)	-	-	(13,383)	-	(412,661)
Total changes from financing cash flows	融資現金流量變動總額	(33,368)	8,131	(279,500)	(9,712)	867,000	286,617	56,575	895,743
Exchange adjustments	匯率調整	-	(103,732)	-	-	-	-	-	(103,732)
Other changes:	其他變動：								
Increase in lease liabilities from entering into new leases during the year	年內新增租賃產生的租賃負債增加額	-	-	-	3,578	-	-	-	3,578
Acquisition of subsidiaries	收購子公司	-	-	-	-	-	-	450,972	450,972
Interest expense (note 5(a))	利息開支(附註5(a))	108,181	260,640	5,717	4,158	-	13,383	4,857	396,936
Interest payable	應付利息	1,763	2,466	14,083	-	-	-	(4,857)	13,455
Total other changes	其他變動總額	109,944	263,106	19,800	7,736	-	13,383	450,972	864,941
At 31 December 2020	於2020年12月31日	1,310,259	1,820,524	-	40,108	867,000	300,000	507,547	4,845,438

24 現金及現金等值物(續)

(c) 融資活動產生的負債的對賬

下表詳述本集團來自融資活動的負債變動，包括現金及非現金變動。融資活動產生的負債為現金流量或未來現金流量所確定的負債，在本集團合併現金流量表中歸類為融資活動產生的現金流量。

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24 CASH AND CASH EQUIVALENTS (Cont'd)

(c) Reconciliation of liabilities arising from financing activities (Cont'd)

24 現金及現金等值物(續)

(c) 融資活動產生的負債的對賬(續)

		Bank loans and other borrowings 銀行貸款 及其他借貸 (note 27) (附註27) RMB'000 人民幣千元	Senior notes 優先票據 (note 28) (附註28) RMB'000 人民幣千元	Corporate bonds 公司債券 (note 29) (附註29) RMB'000 人民幣千元	Lease liabilities 租賃負債 (note 31) (附註31) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2019	於2019年1月1日	1,266,911	1,465,981	261,334	-	2,994,226
Impact on initial application of IFRS 16	初次應用16號準則的影響	-	-	-	47,975	47,975
Adjusted balance at 1 January 2019	於2019年1月1日調整後的餘額	1,266,911	1,465,981	261,334	47,975	3,042,201
Changes from financing cash flows:	融資現金流量變動：					
Proceeds from new bank loans and other borrowings	新增銀行貸款及其他借貸所得款項	609,940	-	-	-	609,940
Net proceeds from the issuance of senior notes	發行優先票據所得款項淨額	-	566,084	-	-	566,084
Repayment of bank loans and other borrowings	償還銀行貸款及其他借貸	(643,168)	-	-	-	(643,168)
Repayment of senior notes	償還優先票據	-	(425,274)	-	-	(425,274)
Repayment of corporate bonds	償還公司債券	-	-	(3,022)	-	(3,022)
Capital element of lease rentals paid	已付租賃租金的資本部分	-	-	-	(6,522)	(6,522)
Interest element of lease rentals paid	已付租賃租金的利息部分	-	-	-	(3,934)	(3,934)
Interest and other borrowing costs paid during the year	年內已付利息及其他借貸成本	(121,515)	(185,659)	(19,643)	-	(326,817)
Total changes from financing cash flows	融資現金流量變動總額	(154,743)	(44,849)	(22,665)	(10,456)	(232,713)
Exchange adjustments	匯率調整	-	31,329	(57)	-	31,272
Other changes:	其他變動：					
Increase in lease liabilities from entering into new leases during the year	年內新增租賃產生的租賃負債增加額	-	-	-	631	631
Interest expense (note 5(a))	利息開支(附註5(a))	121,515	172,361	21,009	3,934	318,819
Interest payable	應付利息	-	28,197	79	-	28,276
Total other changes	其他變動總額	121,515	200,558	21,088	4,565	347,726
At 31 December 2019	於2019年12月31日	1,233,683	1,653,019	259,700	42,084	3,188,486

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(除另有指明外，均以人民幣列示)

24 CASH AND CASH EQUIVALENTS (Cont'd)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases
comprise the following:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Within operating cash flows	經營活動現金流	227,962	9,249
Within financing cash flows	融資活動現金流	9,712	10,456
		237,674	19,705

These amounts relate to the following:

相關總額如下：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Lease rentals paid	支付的租賃租金	13,629	15,650
Purchase of leasehold land	購買租約土地支出	224,045	4,055
		237,674	19,705

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24 CASH AND CASH EQUIVALENTS (Cont'd)

(e) Acquisitions of subsidiaries

During the year, the Group has acquired certain subsidiaries which hold property development projects. Acquisitions of these subsidiaries enable the Group to expand its land banks. The acquired subsidiaries' major assets are properties held for development and properties under development. The directors consider that the purpose of acquiring those subsidiaries is solely to acquire the underlying properties. Details of the acquisitions are summarised as follows:

	Acquisition date 收購日	Consideration 對價 RMB'000 人民幣千元	Percentage of equity interest acquired 收購股權比例
Dongguan City Huahai Enterprise Investment Limited 東莞市華海實業投資有限公司	31 October 2020 2020年10月31日	153,311	51%
Dongguan City Dahu Property Development Limited 東莞市大湖房地產開發有限公司	31 October 2020 2020年10月31日	70,543	51%
Dongguan Yinghuizhong Investment Company Limited 東莞市盈惠眾投資有限公司	31 October 2020 2020年10月31日	110,347	100%
Shenzhen Zuolin Industrial Company Limited 深圳市左鄰實業有限公司	31 October 2020 2020年10月31日	89,000	51%
Best Ease Global Limited 佳逸環球有限公司	30 November 2020 2020年11月30日	159,777	85%
Shenzhen Baichuan Century Investment Company Limited (note) 深圳市百川世紀投資諮詢有限公司(附註)	31 December 2020 2020年12月31日	1,000	100%
Considerations for equity interests 收購權益的對價		583,978	

Note: The business registration for the change in shareholders of the entity was still in process. As the Group has paid all consideration for the acquisition and could control over the entity, the entity was treated as subsidiary of the Group as at 31 December 2020.

24 現金及現金等值物(續)

(e) 收購子公司

本年內，本集團已收購若干持有房地產開發項目的子公司。收購這些子公司能夠擴充本集團的土地儲備。被收購子公司的主要資產為待售未來待開發租賃土地及待售在建物業。董事會認為，收購這些子公司僅僅是為了獲得標的資產。收購詳情如下：

附註：該公司股東變更的工商登記仍在進行。由於本集團已經支付了所有的收購對價且可控制該公司，因此截至2020年12月31日該公司被認作本集團的子公司。

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24 CASH AND CASH EQUIVALENTS (Cont'd)

(e) Acquisitions of subsidiaries (Cont'd)

The effect of acquisition on the Group's assets and liabilities is set out as below:

		Note 附註	RMB'000 人民幣千元
Inventories	存貨		2,621,506
Investment properties	投資物業	11	141,000
Property, plant and equipment	物業、廠房及設備	10	940
Intangible assets	無形資產	12	415
Trade and other receivables	貿易及其他應收款項		872,176
Cash and cash equivalents	現金及現金等值物		89,866
Prepaid tax	預繳稅款		25,223
Deferred tax liabilities	遞延所得稅負債	16(b)	(2,555)
Trade and other payables	貿易及其他應付款項		(1,859,150)
Contract liabilities	合同負債	26	(1,064,829)
Non-controlling interests	非控股權益		(240,614)
Net assets attributable to the Group	本集團應佔資產淨額		583,978

Analysis of net cash outflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

與收購子公司有關的現金及現金等值物現金流出淨額分析：

		RMB'000 人民幣千元
Cash considerations for equity interests paid	支付的收購權益的現金對價	583,978
Less: cash and cash equivalents acquired	減：取得的現金及現金等值物	(89,866)
Net cash outflow	現金流出淨額	494,112

24 現金及現金等值物(續)

(e) 收購子公司(續)

收購對本集團資產和負債的影響如下：

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25 TRADE AND OTHER PAYABLES

25 貿易及其他應付款項

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Trade and bills payables (a)	貿易應付款項及應付票據(a)	2,409,209	1,569,041
Other payables and accruals (b)	其他應付款項及應計費用(b)	1,505,525	632,461
Financial liabilities measured at amortised cost	以攤餘成本計量的金融負債		
Deposits (c)	定金(c)	3,914,734	2,201,502
Receipts in advance	預收款項	1,520,261	163,254
		15,955	3,104
		5,450,950	2,367,860

(a) As at the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on due date, is as follows:

(a) 於報告期末，應付賬款及應付票據(該等已計入貿易及其他應付款項)按到期日期的賬齡分析如下：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Due within 1 month or on demand	於1個月內或按要求	251,012	232,775
Due after 1 month but within 3 months	1至3個月	347,108	171,324
Due after 3 months but within 6 months	於3個月後但於6個月內	537,094	531,301
Due after 6 months	於6個月後到期	1,273,995	633,641
		2,409,209	1,569,041

Trade payables mainly represent amounts due to contractors. Payment to contractors is in installments according to progress and agreed milestones.

貿易應付款項主要指應付承包商款項。應付承包商款項按進度及協定里程碑分期付款。

The Group normally retains 2% to 10% as retention money. As at 31 December 2020, included in trade and bills payables are retention payables of RMB316,296,000 (2019: RMB294,808,000), which are expected to be settled after more than one year.

本集團通常保留2%至10%作為保留金。於2020年12月31日，貿易應付款項中包括應付保留金人民幣316,296,000元(2019年：人民幣294,808,000元)，預期將於一年後結算。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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25 TRADE AND OTHER PAYABLES (Cont'd)

(b) The details of other payables and accruals are set out below:

25 貿易及其他應付款項(續)

(b) 其他應付款項及應計費用詳情載列如下：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Amounts due to non-controlling interests (i)	應付非控股股東款項(i)	323,808	-
Amount due to a related party (i)	應付關聯方款項(i)	57,230	-
Amounts due to third parties (i)	應付第三方款項(i)	281,435	-
Other tax payables	其他應交稅費	300,497	285,866
Others (ii)	其他(ii)	542,555	346,595
		1,505,525	632,461

(i) As at 31 December 2020, the amounts due to non-controlling interests, the amount due to a related party and the amounts due to third parties are interest-free, unsecured and repayable within one year.

(ii) As at 31 December 2020, others mainly included earnest payments of RMB185,456,000 (2019: RMB142,215,000) from potential clients and advances from parking lots financing arrangement of RMB77,075,000 (2019: Nil).

(i) 截至2020年12月31日，應付非控股股東款項，應付給關聯方的金額和應付給第三方的金額為無息、無抵押、無擔保，且將在一年內償還。

(ii) 餘額主要包括潛在客戶的定金人民幣185,456,000元(2019年：人民幣142,215,000元)和車位銀行融資款項人民幣77,075,000元(2019年：零)。

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25 TRADE AND OTHER PAYABLES (Cont'd)

(c) The details of deposits are set out below:

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Deposits for cooperative development of properties (i)	項目發展合作保證金(i)	1,401,032	82,032
Others (ii)	其他(ii)	119,229	81,222
		1,520,261	163,254

(i) As at 31 December 2020, deposits of cooperative development projects include deposits of RMB1,200,000,000 received from the third parties for certain projects, which have been returned to the third parties upon the termination of co-operation in early 2021.

(ii) As at 31 December 2020, other deposits include the deposits related to decoration and lease arrangement of RMB38,718,000 (2019: RMB34,487,000) which are expected to be settled after more than one year.

All of the other payables and accrued expenses and deposits are expected to be settled within one year.

25 貿易及其他應付款項(續)

(c) 押金詳情載列如下：

(i) 截至2020年12月31日，項目合作保證金包括從第三方收取的針對某些項目的合作保證金人民幣1,200,000,000元。這些款項已於2021年初由於終止合作返還給第三方。

(ii) 於2020年12月31日，其他押金包括裝修保證金及租賃保證金人民幣38,718,000元（2019年：人民幣34,487,000元），預期將於超過一年後結算。

所有其他應付款項及應計開支及定金預期將於一年內結算。

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26 CONTRACT LIABILITIES

26 合約負債

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Advances received for sales of properties	銷售物業收取的墊款	1,956,018	2,978,834
Property management fees received in advance	預收物業管理費	8,952	7,261
Others	其他	6,325	3,232
		1,971,295	2,989,327

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Property development

Depending on market conditions, the Group requires the customers to pay off the full consideration within an agreed time frame while developments are still ongoing, rather than on the completion of the relevant properties. Such advance payment schemes result in contract liabilities being recognised throughout the remaining property development period for the full amount of the contract price. In addition, the contract liabilities will be increased by the amount of interest expense being accrued by the Group to reflect the effect of any significant financing benefit obtained from the customers during the period between the payment date and the date of delivery of property to customers. As this accrual increases the amount of the contract liabilities during the period of development, it therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer.

對經確認合約負債金額構成影響的一般支付條款如下：

物業開發

視乎市況，本集團要求客戶在開發仍在進行期間，而不是在有關物業落成後，在協定時間內付清全部對價。該等墊付計劃導致合約負債於整個餘下物業開發期間就合約價悉數確認。此外，合約負債將因本集團應計的利息開支金額而增加，以反映付款日至交付物業予客戶的日期從客戶獲得的任何重大融資利益的影響。由於此應計項目增加開發期間的合約負債金額，已完工物業的控制權轉移至客戶時確認的收益金額亦會增加。

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26 CONTRACT LIABILITIES (Cont'd)

Movements in contract liabilities

26 合約負債(續)

合約負債變動

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Balance at 1 January	於1月1日的結餘	2,989,327	1,843,463
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	年內確認於年初計入合約負債收益導致合約負債減少	(2,499,887)	(838,894)
Increase in contract liabilities as a result of receiving advanced payments of sales of properties in respect of properties still under construction and advanced service fee of properties management during the year	年內有關於仍在建中物業的銷售物業預收款項及預收物業管理服务費導致合約負債增加	701,315	1,935,936
Acquisition of subsidiaries (note 24(e))	收購子公司(附註24(e))	1,064,829	-
Decrease in contract liabilities from acquisition of subsidiaries as a result of recognising revenue during the year	年內確認收入導致收購子公司的合約負債減少	(382,731)	-
Increase in contract liabilities as a result of accruing interest expense on advances	墊款應計利息開支導致合約負債增加	98,442	48,822
Balance at 31 December	於12月31日的結餘	1,971,295	2,989,327

The amounts of billings received advance payment of sales of properties expected to be recognised as income after more than one year is RMB197,820,000 (2019: RMB567,499,000).

預計一年以上確認為收入的預收物業銷售款項為人民幣197,820,000元(2019年：人民幣567,499,000元)。

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27 BANK LOANS AND OTHER BORROWINGS

At 31 December 2020, the Group's bank loans and other borrowings are repayable as follows:

27 銀行貸款及其他借貸

於2020年12月31日，本集團的銀行貸款及其他借貸的償還情況如下：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Bank loans	銀行貸款		
Current	流動		
Secured	有抵押		
– bank loans and other borrowings	– 銀行貸款及其他借貸	11,000	139,524
– current portion of non-current bank loans and other borrowings	– 非流動銀行貸款及其他借貸的流動部分	470,029	362,938
Guaranteed	有擔保		
– bank loans and other borrowings	– 銀行貸款及其他借貸	–	3,000
		481,029	505,462
Non-current	非流動		
Secured	有抵押		
– repayable after 1 year but within 2 years	– 一年後但兩年內還款	327,002	366,512
– repayable after 2 years but within 5 years	– 兩年後但五年內還款	331,178	263,398
– repayable after 5 years	– 五年後還款	171,050	98,311
		829,230	728,221
		1,310,259	1,233,683

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27 BANK LOANS AND OTHER BORROWINGS (Cont'd)

- (a) Certain banking facilities and borrowings of the Group are subject to the fulfilment of covenants relating to: (1) certain of the Group's operating subsidiaries' statement of financial position ratios; (2) restriction of profit distribution by certain of its operating subsidiaries; or (3) early repayment of principal to be triggered when 70% of the gross sellable area for the underlying property project are sold. These requirements are commonly found in lending arrangements with financial institutions. If the Group was to breach such covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants and communicates with its lenders as and when the directors foresee any non-compliance due to business needs.

At 31 December 2020 and 2019, there is no advanced redemption requested by certain banks due to not applying with the imposed covenants as set out in the above.

- (b) Bank loans and other borrowings bear interest at a weighted average rate of 8.10% per annum for the year ended 31 December 2020 (2019: 7.5% per annum), and are secured by the following assets:

27 銀行貸款及其他借貸(續)

- (a) 本集團的若干銀行融資及借貸須待有關下列各項的契諾達成後，方會作實：(1) 本集團若干營運附屬公司的財務狀況比率指標；(2) 按其若干營運附屬公司分配股利限制；或(3) 當相關物業項目的可售總面積的70%被出售時須優先償還貸款行貸款。該等規定常見於與金融機構訂立的貸款安排。倘本集團違反有關限制，則已提取的融資將需於要求時償還。本集團定期監控其遵守該等限制的情況；且當董事預期由於業務需求導致無法遵守時，本集團會與貸款人溝通。

於2020年12月31日和2019年12月31日，概無本集團的銀行貸款由於未遵守所施加的限制被某些銀行要求提前還款。

- (b) 於截至2020年12月31日止年度，銀行貸款及其他借貸的加權平均年利率為8.10%(2019年：7.50%)計息，並以下列資產作抵押：

		2020	2019
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Completed properties held for sale	待售已完工物業	-	279,304
Properties held for future development for sale	待售未來待開發物業	861,851	615,847
Properties under development for sale	待售在建物業	661,497	754,190
Investment properties (note 11(b)(ii))	投資物業(附註11(b)(ii))	1,147,500	688,300
Property, plant and equipment (note 10)	物業、廠房及設備(附註10)	337,035	347,036
Pledged deposits	已抵押現金	-	207,340
		3,007,883	2,892,017

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28 SENIOR NOTES

28 優先票據

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Current	流動		
US\$280 million senior notes due in 2021	2021年到期的280百萬美元 優先票據		
– Tranche 1 (i)	– 第一期(i)	1,257,105	–
– Tranche 2 (ii)	– 第二期(ii)	325,693	–
– Tranche 3 (iii)	– 第三期(iii)	84,555	–
– Tranche 4 (iv)	– 第四期(iv)	153,171	–
US\$157 million senior notes due in 2020 (v)	2020年到期的157百萬美元 優先票據(v)		
– Tranche 1	– 第一期	–	260,272
– Tranche 2	– 第二期	–	53,948
		1,820,524	314,220
Non-current	非流動		
US\$194 million senior notes due in 2021 (i)	2021年到期的194百萬美元 優先票據(i)	–	1,338,799
		1,820,524	1,653,019

(i) On 12 December 2019, the Company offered its 14.00% senior notes due December 2021 in an exchange offer to existing holders of 12% Senior Notes due May 2020 (the “2020 Senior Notes”). US\$111,673,000 (approximately 71.1%) of the 2020 Senior Notes were successfully exchanged. Concurrently with the exchange offer, the Company made a concurrent new issue of US\$81,827,000 of additional 2021 senior notes (defined below), which, together with the US\$111,673,000 of the 2021 senior notes issued pursuant to the exchange offer, constitute an aggregate principal amount of US\$193,500,000, 14.00% due 2021 senior notes (the “2021 Senior Notes”). The exchange offer and the concurrent new issue were completed on 19 December 2019, and the net proceeds from the new issue, after deducting the transaction costs, of US\$80,214,000 (equivalent to RMB561,661,000) was received by the Company on 20 December 2019. Interest expense on the 2021 Senior Notes is calculated using effective interest rate of 14.49% per annum.

(i) 於2019年12月12日，本公司向時任於2020年5月到期、12%的優先票據（「2020年優先票據」）持有者發起於2021年12月到期，14.00%優先票據之交換要約。2020年優先票據中的111,673,000美元（約71.1%）已成功交換。與交換要約同時，本公司同時新發行81,827,000美元額外2021年優先票據（定義見下文），並與根據交換要約發行的111,673,000美元2021年優先票據構成總本金額193,500,000美元2021年到期的14.00%優先票據（「2021年優先票據」）。交換要約及同時進行的新發行已於2019年12月19日完成，而於包括應計利息及扣除交易成本後的新發行所得款項80,214,000美元（相等於人民幣561,661,000元）由本公司於2019年12月20日收取。2021年優先票據的利息開支乃使用實際年利率14.49%計算。

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28 SENIOR NOTES (Cont'd)

- (ii) On 27 December 2019, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$50,000,000 (equivalent to RMB348,450,000), which are consolidated and formed a single class with the 14.00% 2021 Senior Notes due 2021 issued by the Company on 19 December 2019. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$50,163,000 (equivalent to RMB349,585,000) was received by the Company on 7 January 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.20% per annum.
- (iii) On 28 October 2020, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$13,000,000 (equivalent to RMB85,517,000), which are consolidated and formed a single class with the 14.00% 2021 Senior Notes due 2021 issued by the Company on 19 December 2019 and 6 January 2020. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$13,562,000 (equivalent to RMB89,214,000) was received by the Company on 30 October 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.38% per annum.
- (iv) On 23 November 2020, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$23,500,000 (equivalent to RMB154,586,000), which are consolidated and formed a single class with the 14.00% 2021 Senior Notes issued by the Company on 19 December 2019, 6 January and 30 October 2020. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US\$24,691,000 (equivalent to RMB162,420,000) was received by the Company on 25 November 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.13% per annum.
- (v) All the 2020 Senior Notes were redeemed upon maturity during the Year.

28 優先票據(續)

- (ii) 2019年12月27日，本公司發行本金總額為50,000,000美元(相當於人民幣348,450,000元)的額外2021年優先票據，該等票據與本公司於2019年12月19日發行的2021年到期14.00%的2021年優先票據合併形成單一類別。本公司於2020年1月7日收到額外2021年優先票據的所得款項淨額(包括應計利息和扣除交易成本後)50,163,000美元(相當於人民幣349,585,000元)。額外2021年優先票據的利息費用採用每年14.20%的實際利率計算。
- (iii) 於2020年10月28日，本公司發行本金總額為13,000,000美元(相當於人民幣85,517,000元)的額外2021年優先票據，該等票據與本公司於2019年12月19日和2020年1月6日發行的2021年到期14.00%的2021年優先票據合併成單一類別。公司於2020年10月30日收到額外2021年優先票據的所得款項淨額(包括應計利息和扣除交易成本後)13,562,000美元(相當於人民幣89,214,000元)。額外2021年優先票據的利息費用採用14.38%的實際年利率計算。
- (iv) 2020年11月23日，本公司發行本金總額為23,500,000美元(相當於人民幣154,586,000元)的額外2021年優先票據，該等優先票據與本公司於2019年12月19日、2020年1月6日及2020年10月30日發行的2021年到期14.00%的2021年優先票據合併形成單一類別。本公司於2020年11月25日收到額外2021年優先票據的所得款項淨額(包括應計利息和扣除交易成本後)24,691,000美元(相當於人民幣162,420,000元)。額外2021年優先票據的利息費用採用14.13%的實際年利率計算。
- (v) 所有2020年優先票據均於本年度到期時贖回。

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(除另有指明外，均以人民幣列示)

29 CORPORATE BONDS

In 2017, the Group issued certain non-public offering of corporate bonds totalling RMB260 million with a coupon rate of 7.50% per annum. The net proceeds from bonds issued, after deducting the transaction costs, of RMB256,360,000 was received by the Group. Interest expenses on these non-public offering corporate bonds are calculated with the effective interest rate of 8.04% per annum. The corporate bonds was redeemed in April 2020.

30 AMOUNTS DUE TO CONTROLLING SHAREHOLDERS

As at 31 December 2020, amounts due to controlling shareholders are unsecured, interest-free and repayable with no fixed repayment terms.

31 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods:

		2020		2019	
		Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
		最低租賃付款額現值	總計最低租賃付款額	最低租賃付款額現值	總計最低租賃付款額
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Within 1 year	一年內	10,562	11,012	8,972	10,523
After 1 year but within 2 years	一年後但兩年以內	7,538	8,380	8,448	9,680
After 2 years but within 5 years	兩年後但五年以內	19,483	25,987	18,325	25,159
After 5 years	五年後	2,525	2,636	6,339	10,545
		29,546	37,003	33,112	45,384
		40,108	48,015	42,084	55,907
Less: total future interest expenses	減：總計未來利息費用		(7,907)		(13,823)
Present value of lease liabilities	租賃負債現值		40,108		42,084

29 公司債券

2017年，本公司發行若干票面年利率為7.50%的非公開發行公司債券合共人民幣260百萬元。本集團已收取發行債券所得款項淨值(經扣除交易成本)人民幣256,360,000元。非公開發行公司債券的利息開支按8.04%的實際年利率計算。該公司債券於2020年4月全部贖回。

30 應付控股股東款項

於2020年12月31日，應付給控股股東款項為無擔保、無抵押、無息、可償還，無固定還款期限。

31 租賃負債

下表顯示了本年度和以前年度報告期的期末集團租賃負債的剩餘合同到期日：

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32 DEFERRED INCOME

32 遞延收入

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
At 1 January	於1月1日	479,160	623,134
Movement during the year	年內變動		
– Government grants received (i)	– 已收政府補助(i)	168,715	93,247
– Utilisation	– 已使用	(294,485)	(237,221)
– Recognised in other income related to investment properties (note 4(ii))	– 與投資物業相關部分確認至其他收入(附註4(ii))	(4,271)	–
At 31 December	於12月31日	349,119	479,160

(i) Pursuant to the respective agreements between the Group and local governments, such grants are for subsidising the infrastructure construction of certain projects undertaken by certain subsidiaries of the Group, including Yantai Trade Center, Jining Logistics Center, Ningxiang Trade Center, Heze Industrial, Mianyang Trade Center, Wuzhou Trade Center, Lanzhou Trade Center, Ganzhou Trade Center, Heze Trade Center and Yulin Trade Center.

(i) 根據本集團與當地政府簽訂的有關協議，該等補助是為補貼本集團的某些子公司所承建若干項目的基礎設施建設，包括煙台商貿中心、濟寧物流中心、寧鄉商貿中心、菏澤實業、綿陽商貿中心、梧州商貿中心和蘭州商貿中心、贛州商貿中心、菏澤商貿中心及玉林商貿中心。

33 OTHER CURRENT LIABILITIES

Other current liabilities represent discounted bills which are pledged by cash deposit of RMB300,000,000 and expired in February 2021.

33 其他流動負債

其他流動負債指以現金存款人民幣300,000,000元進行質押並於2021年2月到期的貼現票據。

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34 OTHER FINANCIAL LIABILITIES

34 其他金融負債

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Contingent consideration payable	或有應付對價	16,843	15,250
Estimated compensation payable	預計應付補償款	61,490	55,588
		78,333	70,838

In 2019, the Group disposed its entire interest in Beijing Hydoo Yingchuang Corporate Management Company Limited, which has a direct wholly owned subsidiary of Lanzhou Hydoo Yingchuang Estate Company Limited, (collectively "Yingchuang") with consideration of nil to an associate, Beijing Sunac Hydoo Corporate Management Company Limited ("Sunac Hydoo"), which was established by the Group, Beijing Sunac Construction Investment Real Estate Co., Ltd. ("Sunac") and Mr Yi Jiming (collectively "Partners").

Pursuant to the agreement, if the Group fails to change the title of the certain purchase documents related to initial land cost to Yingchuang, the Group has to compensate Sunac Hydoo the relevant future tax expenses to be incurred. As the potential payment obligation would be measured based on future matters, it is the contingent consideration payable recorded as financial liability at FVTPL. The fair value of this contingent consideration payable at 31 December 2020 was RMB16,843,000 (2019: RMB15,250,000).

Subsequent to the completion of the disposal, Yingchuang was requested by the local government authority to pay additional land costs, and the Group agreed to compensate Sunac Hydoo for the reduction of profit due to the additional land cost of Yingchuang. The estimated compensation amount as at 31 December 2020 was RMB61,490,000 (2019: RMB55,588,000) and the Group recorded this amount as financial liabilities measured at FVTPL.

2019年，本集團將其持有的北京毅德盈創企業管理有限公司(其擁有一家全資子公司蘭州毅德盈創置業有限公司，統稱「盈創」)的全部權益以零對價出售給其聯營公司北京融創毅德企業管理有限公司(「融創毅德」)(由本集團、北京融創建投房地產集團有限公司(「融創」)及伊繼明先生(統稱「合作方」)設立)。

根據協議，倘本集團未能將有關初始土地成本的若干票據的所有權變更予盈創，本集團將需補償融創毅德將產生的相關未來稅費成本。鑑於潛在付款責任將基於未來事宜計量，故將或有應付對價確認為按公允價值計量且變動計入當期損益的金融負債。於2020年12月31日，應付或有對價的公允價值為人民幣16,843,000元(2019年：人民幣15,250,000元)。

在項目交割完成後，盈創應當地政府要求額外土地成本，本集團同意就由於土地成本增加而導致的利潤減少對融創毅德進行補償。截至2020年12月31日，估計補償金額為人民幣61,490,000元(2019年：人民幣55,588,000元)，本集團將該金額按照公允價值變動且其變動計入當期損益的方式進行計量。

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35 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The Group operates a Mandatory Provident Fund Scheme (“the **MPF scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans ranging from 10% to 20% of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member’s retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above.

Due to the impact of an outbreak of COVID-19, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which contributed to the relief of certain cost of defined contribution scheme during the year ended 31 December 2020.

35 僱員退休福利

定額供款退休計劃

本集團按照香港強制性公積金計劃條例的規定為根據香港僱傭條例管轄範圍受僱的僱員設立一項強制性公積金計劃(「**強積金計劃**」)。強積金計劃是由獨立信託人管理的定額供款退休計劃。根據強積金計劃，僱主及僱員均須按照僱員相關收入的5%向計劃供款，惟每月相關收入上限為30,000港元。此計劃的供款即時歸屬。

中國法規規定，本集團須為其僱員參與省市政府所組織的各種定額供款退休計劃。本集團須按僱員工資、花紅及若干津貼的10%至20%向退休計劃供款。參加計劃的員工有權獲得相當於按其退休時工資的固定比率計算的退休金。除上述年度供款外，本集團毋須就與此等計劃相關的退休金福利承擔其他重大付款責任。

由於新冠肺炎爆發的影響，政府自2020年2月起頒佈了包括多項社會保險減免政策，以加快恢復經濟活動，導致2020年定額供款退休計劃的部分費用減少。

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36 EQUITY SETTLED SHARE-BASED PAYMENTS

On 12 June 2020, the Group offered to grant share options to subscribe for a total of 175,400,000 shares of HK\$0.01 each in the capital of the Company to 5 directors and certain eligible employees. Based on the acceptance confirmation signed by grantees, 164,200,000 share options were accepted for nil consideration. Each option gives the holder the right to subscribe for one ordinary share of the Company and is settled gross in shares. The exercise price is HK\$0.5 per share.

On 7 December 2020, the Group offered to grant share options to subscribe for a total of 54,000,000 shares of HK\$0.01 each in the capital of the Company to 43 certain eligible employees. Based on the acceptance confirmation signed by grantees, 54,000,000 share options were accepted for nil consideration. Each option gives the holder the right to subscribe for one ordinary share of the Company and is settled gross in shares. The exercise price is HK\$0.5 per share.

(i) The terms and conditions of the options granted are as follows:

		Number of instruments 工具數量
Options granted on 12 June 2020	於2020年6月12日授予購股權數量	
– directors	– 董事	42,700,000
– employees	– 僱員	132,700,000

Vesting date		Percentage of vested shares 歸屬股份 百分比	Contractual life of options 購股權 合同期限
可行權日			
1 April 2021	2021年4月1日	30%	12 months個月
1 April 2022	2022年4月1日	30%	24 months個月
1 April 2023	2023年4月1日	40%	36 months個月

36 股權結算以股份為基礎的交易

於2020年6月12日，本集團根據購股權計劃向五名董事及若干符合資格的員工要約授出購股權，購股權可認購本公司股本中合共175,400,000股每股面值為0.01港元的股份。根據被授予對象簽署的接納確認函，164,200,000份無對價購股權獲接納。每份購股權都賦予持有人認購一股公司普通股的權利，並以股票總額結算。行權價為每股港幣0.5元。

於2020年12月7日，本集團根據購股權計劃向四十三名符合資格的員工要約授出購股權，購股權可認購本公司股本中合共54,000,000股每股面值為0.01港元的股份。根據被授予對象簽署的接納確認函，54,000,000份無對價購股權獲接納。每份購股權都賦予持有人認購一股公司普通股的權利，並以股票總額結算。行權價為每股港幣0.5元。

(i) 所授予購股權的條款和條件如下：

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36 EQUITY SETTLED SHARE-BASED PAYMENTS (Cont'd)

- (i) The terms and conditions of the options granted are as follows: (Cont'd)

		Number of instruments 工具數量	
Options granted on 7 December 2020 – employees	於2020年12月7日授予購股權數量 – 僱員	54,000,000	
Vesting date 可行權日		Percentage of vested shares 歸屬股份 百分比	Contractual life of options 購股權 合同期限
1 April 2021	2021年4月1日	30%	6 months個月
1 April 2022	2022年4月1日	30%	18 months個月
1 April 2023	2023年4月1日	40%	30 months個月

36 股權結算以股份為基礎的交易(續)

- (i) 所授予購股權的條款和條件如下：
(續)

- (ii) The number and the exercise price of share option are as follows:

		Exercise price 行使價	Number of share options 購股權數目
Outstanding at 1 January 2020	於2020年1月1日未行使	–	–
Granted	授予	HK\$0.5港元	229,400,000
Lapsed	失效	HK\$0.5港元	(27,000,000)
Outstanding at 31 December 2020	於2020年12月31日未行使	HK\$0.5港元	202,400,000
Exercisable at 31 December 2020	於2020年12月31日可行使	–	–

- (ii) 購股權的數目及行使價如下：

No options were exercised during the year ended 31 December 2020.

截至2020年12月31日，沒有任何購股權被行使。

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36 EQUITY SETTLED SHARE-BASED PAYMENTS (Cont'd)

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumptions

Share price	HK\$0.41–0.50
股票價格	0.41–0.50港元
Exercise price	HK\$0.50
行權價格	0.50港元
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	50.41%–67.24%
預期波動率(表示為二項式網格模型建模中使用的加權平均波動率)	
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	0.6–2.8 years
期權有效期(表示為二項式網格模型下建模時使用的加權平均有效期)	0.6–2.8年
Expected dividends	0%
預期股息	
Risk-free interest rate	0.1%–0.34%
無風險利率	

The options outstanding at 31 December 2020 have an exercise price of HK\$0.5 and a weighted average remaining contractual life of 19 months.

The fair value of the share options granted was RMB30,984,000, of which the Group recognised share option expense of RMB8,666,000 during the year ended 31 December 2020.

36 股權結算以股份為基礎的交易(續)

(iii) 購股權的公允價值及假設

以授予的購股權換取的服務的公允價值參照授予的購股權的公允價值計量。授予的購股權的公允價值估計是基於二項式網格模型進行計量的。購股權的合同期限被用作該模型的輸入。早期行權的期望被納入二項式網格模型。

購股權的公允價值及假設

截至2020年12月31日，尚未行使的購股權的行權價為每股0.5港元，加權平均剩餘有效期為19個月。

授予的購股權的公允價值為人民幣30,984,000元，其中本集團於截至2020年12月31日止年度確認的購股權費用為人民幣8,666,000元。

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37 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company		Share capital	Share premium	Capital redemption reserve	Capital reserve	Equity settled share-based payment reserve 以權益結算以股份支付為基礎儲備	Exchange reserve	Accumulated losses	Total equity
本公司		股本 RMB'000 人民幣千元	股本溢價 RMB'000 人民幣千元	贖回儲備 RMB'000 人民幣千元	資本儲備 RMB'000 人民幣千元	資本儲備 RMB'000 人民幣千元	匯兌儲備 RMB'000 人民幣千元	累計虧損 RMB'000 人民幣千元	權益總額 RMB'000 人民幣千元
		37(c)	37(d)(i)	37(c)	37(d)(v)	37(d)(iv)	37(d)(iii)		
Balance at 1 January 2019	於2019年1月1日	31,825	978,266	120	1,386,109	-	134,922	(751,264)	1,779,978
Changes in equity for 2019: Loss and total comprehensive income for the year	2019年權益變動 年內虧損及全面 收入總額	-	-	-	-	-	7,276	(191,483)	(184,207)
At 31 December 2019 and 1 January 2020	於2019年12月31日及 2020年1月1日	31,825	978,266	120	1,386,109	-	142,198	(942,747)	1,595,771
Changes in equity for 2020: Loss and total comprehensive income for the year	2020年權益變動 年內虧損及全面 收入總額	-	-	-	-	-	(27,485)	(274,332)	(301,817)
Issuance of shares	增發新股	4,773	210,010	-	-	-	-	-	214,783
Equity settled share-based transactions	以股權結算的股份 支付交易	-	-	-	-	8,666	-	-	8,666
Balance at 31 December 2020	於2020年12月31日	36,598	1,188,276	120	1,386,109	8,666	114,713	(1,217,079)	1,517,403

37 股本、儲備及股息

(a) 權益組成部分的變動

本集團合併權益各組成部分的年初與年終結餘的對賬載於合併權益變動表。本公司權益個別組成部分於年初至年末的變動詳情載列如下：

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(除另有指明外，均以人民幣列示)

37 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(b) Dividends

For the year ended 31 December 2020, no final dividend in respect of the previous financial year was approved and paid (2019: Nil).

The directors did not propose the payment of any final dividend subsequent to year end.

(c) Share capital

Authorised and issued share capital:

		2020		2019	
		No. of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元	No. of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
Authorised:	法定：				
Ordinary shares of HK\$0.01 each	每股面值0.01港元 的普通股	8,000,000	80,000	8,000,000	80,000

Ordinary shares, issued and fully paid:

		Par value 面值 HK\$ 港元	Number of shares 股份數目 '000 千股	Nominal value of ordinary shares 普通股面值	
				HK\$'000 千港元	RMB'000 人民幣千元
At 1 January 2020	於2020年1月1日	0.01	4,014,844	40,148	31,825
Issuance of new shares	增發新股	0.01	522,510	5,225	4,773
At 31 December 2020	於2020年12月31日	0.01	4,537,354	45,373	36,598

On 19 June 2020, the Company issued 522,510,000 ordinary shares, representing approximately 11.52% of the Company's issued share capital at HK\$0.45 per share to certain individuals with total net proceeds of HK\$234,929,500 (equivalent to RMB214,783,000). Accordingly, the share capital was increased by RMB4,773,000 and the remaining RMB210,010,000 were credited to share premium.

37 股本、儲備及股息(續)

(b) 股息

截至2020年12月31日止年度，概無批准及派付的上個財政年度的末期股息(2019年：零)。

於報告期末後擬不派末期股息。

(c) 股本

法定及已發行股本：

已發行及繳足普通股：

2020年6月19日，公司以每股0.45港元的價格向部分個人發行了522,510,000股普通股，約佔公司已發行股本的11.52%，所得款項淨額為234,929,500港元(折合人民幣214,783,000元)。股本相應增加人民幣4,773,000元，剩餘人民幣210,010,000元計入股份溢價。

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37 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(d) Reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) PRC statutory reserve

Pursuant to the Articles of Association of the Group's PRC subsidiaries and relevant statutory regulations, appropriations to the statutory reserve fund were made at 10% of profit after tax determined in accordance with accounting rules and regulations of the PRC until the reserve balance reaches 50% of the registered capital. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the PRC subsidiaries provided that the balance after such conversion is not less than 25% of their registered capital, and is non-distributable other than in liquidation.

(iii) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than Renminbi. The reserve is dealt with in accordance with the accounting policy set out in note 1(x).

(iv) Equity settled share-based payment reserve

Equity settled share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group in accordance with the accounting policy adopted for share-based payments in note 1(t)(ii).

37 股本、儲備及股息(續)

(d) 儲備

(i) 股份溢價

根據開曼群島公司法，本公司股份溢價賬可用於向股東支付分派或股息，惟須確保緊隨建議支付分派或股息日期後，本公司有能力支付日常業務過程中的到期債務。

(ii) 中國法定儲備

根據本集團中國子公司的組織章程細則及有關法定法規，須以按中國會計規則及法規釐定的除稅後利潤的10%向法定儲備金撥款，直至儲備結餘達到註冊資本的50%。該儲備金可用於抵銷中國子公司的累計虧損或增資，惟轉換後儲備金結餘不少於註冊資本的25%，且除於清盤時，不可用於分派。

(iii) 匯兌儲備

匯兌儲備包括因換算非人民幣的功能貨幣經營財務報表而產生的所有相關匯兌差額。該儲備按附註1(x)所載的會計政策處理。

(iv) 以權益結算以股份支付為基礎儲備

以權益結算以股份支付為基礎儲備指按附註1(t)(ii)所述根據就以股份付款採納的會計政策計算授予本集團僱員的未行使購股權實際或估計數目的公允值。

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(除另有指明外，均以人民幣列示)

37 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(d) Reserves (Cont'd)

(v) Capital reserve

Capital reserve is resulted from transactions with owners in their capacity as the equity owners. The balance comprises capital reserve surplus/deficit arising from the difference between the disposal/acquisition consideration and its net assets value at the respective date of disposal/acquisition, and the capital reserve transferring from the equity settled share-based payment reserve.

(vi) Reserve-transaction with non-controlling interests

The balance represents difference between the net identifiable assets and the consideration paid for acquisition of non-controlling interests.

(e) Distributability of reserves

As at 31 December 2020, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately RMB1,480,805,000 (2019: RMB1,563,946,000), which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to fund its property development projects, provide returns for shareholders and benefits for other stakeholders, by pricing properties commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

37 股本、儲備及股息(續)

(d) 儲備(續)

(v) 資本儲備

資本儲備來自與擁有人以其權益擁有人身份進行的交易。結餘包括出售/收購對價與相關出售/收購日期資產淨值的差額所產生資本儲備盈餘/虧絀，以及轉撥自以權益結算以股份支付為基礎儲備的資本儲備。

(vi) 儲備—與非控股權益的交易

結餘指可識別資產淨值與已付收購非控股權益之對價的差額。

(e) 可分派儲備

於2020年12月31日，根據開曼群島公司法計算的本公司可供分派儲備約為人民幣1,480,805,000元(2019年：人民幣1,563,946,000元)，該等儲備可作分派，惟緊隨建議派發股息日期後，本公司有能力償還日常業務過程中的到期債務。

(f) 資本管理

本集團管理資本的主要目標為保障本集團持續經營的能力，以向其物業開發項目提供資金，以及藉著與風險水平及以合理成本取得融資掛鉤的方式為物業定價而為股東及其他利益相關者提供回報及利益。

本集團積極定期審核及管理其資本架構，以維持與高借貸水平可能有關的較高股東回報與穩健資本狀況帶來的優勢及擔保之間的平衡，並根據經濟狀況的變動調整資本架構。

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37 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(f) Capital management (Cont'd)

The Group monitors its capital structure on the basis of gearing ratio. The Group defines this ratio as total interest-bearing liabilities (including bank loans and other borrowings, senior notes and corporate bonds) divided by total assets of the Group. At 31 December 2020, the gearing ratio of the Group was calculated as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Bank loans and other borrowings	銀行貸款及其他借貸	1,310,259	1,233,683
Senior notes	優先票據	1,820,524	1,653,019
Corporate bonds	公司債券	-	259,700
Total interest-bearing borrowings	計息借款	3,130,783	3,146,402
Total assets	總資產	18,977,001	14,848,822
Gearing ratio	資產負債比率	16.5%	21.2%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

37 股本、儲備及股息(續)

(f) 資本管理(續)

本集團根據資產負債比率監察其資本結構。本集團界定此比率為總計息負債(包括銀行貸款及其他借貸、優先票據及公司債券)除以本集團資產總值。於2020年12月31日，本集團之資產負債比率如下：

本公司或其任何子公司概不受外部施加的資本規定所限。

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate, currency risks and equity price risk arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below:

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and other financial assets. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis. The Group's exposure to credit risk financial institutions, for which the Group considers to have low credit risk.

Except for the financial guarantees given by the Group as set out in note 40, the Group does not provide any other guarantees which would expose the group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 40.

38 金融風險管理及公允值

本集團於一般業務過程中面對信貸、流動性、利率、貨幣風險及權益投資價格風險。本集團亦面對持有其他實體的股權投資產生的股價風險。

本集團面對之風險及本集團為管理該等風險而採用之財務風險管理政策及慣例載述如下：

(a) 信用風險

信用風險指對手方將違反其合約義務而導致本集團產生財務虧損。本集團信貸風險主要歸因於貿易及其他應收款項。本集團設有明確的信用政策，並持續監察該等信用風險。因對手方為本集團視為信用風險較低的銀行及金融機構，故本集團現金及現金等價物產生的信用風險有限。本集團認為披露的對於信用風險敞口的金融機構信用風險較低。

除附註40所載本集團作出的財務擔保外，本集團並無給予任何其他擔保致使本集團將面臨信用風險。於報告期末該等財務擔保的最大信用風險於附註40中披露。

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and other receivables and other financial assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 84% (2019: 85%) of the total trade receivables was due from a customer which is a government authority with good credibility. Although the aging of that related trade receivable is past due over one year, the Group considers that the credit risk is low. Normally, the Group does not obtain collateral from customers but the Group only assists the buyer to obtain the individual property ownership certificate upon the full settlement of receivables from the buyer.

In respect of loans to third parties and other debtors, regular review and follow-up actions are carried out on long-aged other receivables and any default incurred, which enable management to assess their recoverability and to minimise exposure to credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

The Group measures loss allowances for trade and other receivables and loans to the third parties included in other non-current assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

38 金融風險管理及公允值(續)

(a) 信用風險(續)

貿易應收款項及其他應收款項

本集團蒙受信用風險的程度主要受各客戶而非客戶營業所在行業或國家的個別特性影響，故信用風險高度集中主要在本集團蒙受重大個別客戶風險時發生。於報告期末，貿易應收款項總額的84% (2019年：85%) 為應收一個有良好信譽的政府機構款項。儘管相關應收款項的賬齡已經超過一年，該集團認為該信用風險低。一般而言，本集團不會向客戶收取抵押品，但是，只有在買方完全付清房款後本集團才協助買方獲得個人房屋產權所有證。

就向第三方貸款及其他應收款項而言，我們已對賬齡較長的其他應收款項進行定期審閱及採取跟進措施，倘發生任何拖欠現象，這將使管理層評估彼等的可收回性並盡量將信用風險敞口降至最低。最大信用風險敞口由綜合財務狀況表中的各項金融資產的賬面值表示。

本集團按相當於全期預期信用虧損的金額(用撥備矩陣計算)來計量貿易以及包含在其他非流動資產中應收第三方貸款的虧損撥備。

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and other receivables and other financial assets (Cont'd)

The following table provides information about the Group's exposure to credit risk and ECLs for trade and other receivables and loans to the third parties as at 31 December 2020:

38 金融風險管理及公允值(續)

(a) 信用風險(續)

貿易應收款項及其他應收款項(續)

下表載列於2020年12月31日本集團所面臨信用風險敞口以及貿易應收款項及其他應收款項預期信用虧損的資料：

		2020		
		Expected loss rate	Gross carrying amount	Loss allowance
		預期虧損率	賬面總值	虧損撥備
		%	RMB'000	RMB'000
		%	人民幣千元	人民幣千元
Current (not past due) or past due within 30 days for	即期(未逾期)或逾期不超過30日			
- trade receivables	- 貿易應收款項	-	28,247	-
- other receivables	- 其他應收款項	5.66%	609,104	(34,499)
- amounts due from Joint Ventures	- 應收合營企業款項	-	43,224	-
- finance lease receivables	- 融資租賃應收款項	3.36%	31,420	(1,055)
More than 90 days past due	逾期超過90日			
- trade receivables	- 貿易應收款項	4.15%	216,664	(8,994)
- other receivables	- 其他應收款項	100.00%	20,626	(20,626)
- amounts due from Thailand Joint Venture (note 15)	- 應收泰國合營企業款項(附註15)	100.00%	19,613	(19,613)
- finance lease receivables	- 融資租賃應收款項	100.00%	11,220	(11,220)
			980,118	(96,007)

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(除另有指明外，均以人民幣列示)

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and other receivables and other financial assets (Cont'd)

38 金融風險管理及公允值(續)

(a) 信用風險(續)

貿易應收款項及其他應收款項(續)

		2019		
		Expected loss rate	Gross carrying amount	Loss allowance
		預期虧損率	賬面總值	虧損撥備
		%	RMB'000	RMB'000
		%	人民幣千元	人民幣千元
Current (not past due) or past due within 30 days for	即期(未逾期)或逾期不超過30日			
- trade receivables	- 貿易應收款項	-	30,071	-
- other receivables	- 其他應收款項	2.66%	122,467	(3,257)
- amounts due from Joint Ventures	- 應收合營企業款項	-	21,400	-
- finance lease receivables	- 融資租賃應收款項	2.11%	76,123	(1,603)
- non-current assets	- 非流動資產	5.75%	65,366	(3,758)
More than 90 days past due	逾期超過90日			
- trade receivables	- 貿易應收款項	2.97%	213,218	(6,322)
- other receivables	- 其他應收款項	100.00%	22,125	(22,125)
- amounts due from Thailand Joint Venture (note 15)	- 應收泰國合營企業款項(附註15)	100.00%	19,613	(19,613)
- finance lease receivables	- 融資租賃應收款項	100.00%	11,220	(11,220)
			581,603	(67,898)

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(a) Credit risk (Cont'd)

Trade receivables and other receivables and other financial assets (Cont'd)

Except for the specified expected loss, other expected loss rates are based on historical experience and adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables and other receivables during the year is as follows:

38 金融風險管理及公允值(續)

(a) 信用風險(續)

貿易應收款項及其他應收款項(續)

除特定預期虧損外，其他預期虧損率按過往歷史經驗計算並且為反映期內(往績數據已在期間收集)經濟狀況差異、目前狀況及本集團對應收款項預期存續期的經濟狀況之意見，而加以調整。

年內貿易應收款項及其他應收款項的虧損撥備賬變動如下：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Balance at 1 January	於1月1日的結餘	67,898	46,640
Reversal during the year	年內轉回	(1,718)	(9,504)
Impairment losses recognised during the year	年內確認的減值虧損	29,827	30,762
Balance at 31 December	於12月31日的結餘	96,007	67,898

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(b) Liquidity risk

The Group management reviews the liquidity position of the Group on an ongoing basis, including review of the expected cash inflows and outflows, sale/pre-sale results of respective property projects, maturity of loans and borrowings and the progress of the planned property development projects in order to monitor the Group's liquidity requirements in the short and longer terms. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities excluding receipts in advance, which the Group expects to provide rental services in the future. The contractual maturities are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

38 金融風險管理及公允值(續)

(b) 流動性風險

本集團管理層持續審核本集團的流動性狀況，包括審核預計現金流入及流出、各物業項目的銷售／預售業績、貸款及借貸到期情況以及計劃物業開發項目的進度，以監控本集團的短期及長期流動性需求。本集團的政策是定期監控流動性需求及有否遵守借貸契約，以確保備有足夠的現金儲備，及向主要金融機構取得充足的已承諾資金，以應付長短期流動性需求。

下表載列本集團金融負債(不包括本集團預期交付已完工物業結算的預收款項)於各報告期末的餘下合約期限。合約期限是根據合約未貼現現金流量(包括以合約利率或(倘浮動)各報告期末現行的利率估算的利息付款)以及本集團需要還款的最早日期計算：

		2020					
		Contractual undiscounted cash outflow					
		合約未貼現現金流出					
		Within	More than	More than	More than	Total	Carrying
		1 year or	1 year but	2 years but	5 years		amount
		on demand	less than	less than	5 years		
		一年內或	超過一年	超過兩年	超過五年	總計	賬面值
		按要求	但少於兩年	但少於五年	超過五年	總計	賬面值
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Bank loans and other borrowings	銀行貸款及其他借貸	574,521	387,525	371,013	264,311	1,597,370	1,310,259
Lease liabilities	租賃負債	11,012	8,380	25,987	2,636	48,015	40,108
Trade and other payables	貿易及其他應付款項	3,598,438	316,296	-	-	3,914,734	3,914,734
Amounts due to controlling shareholders	應付控股股東款項	867,000	-	-	-	867,000	867,000
Senior notes	優先票據	1,994,368	-	-	-	1,994,368	1,820,524
Other current liabilities	其他流動負債	300,000	-	-	-	300,000	300,000
		7,345,339	712,201	397,000	266,947	8,721,487	8,252,625

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(除另有指明外，均以人民幣列示)

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(b) Liquidity risk (Cont'd)

		2019					
		Contractual undiscounted cash outflow					
		合約未貼現現金流出					
		Within	More than	More than	More than	Total	Carrying
		1 year or	1 year but	2 years but	5 years		amount
		on demand	less than	less than	5 years		
		一年內或	超過一年	超過兩年	超過五年	總計	賬面值
		按要求	但少於兩年	但少於五年	超過五年	總計	賬面值
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Bank loans and other borrowings	銀行貸款及其他借貨	539,016	458,414	381,293	143,285	1,522,008	1,233,683
Lease liabilities	租賃負債	10,523	9,680	25,159	10,544	55,906	42,084
Trade and other payables	貿易及其他應付款項	1,906,694	294,808	-	-	2,201,502	2,201,502
Corporate bonds	公司債券	279,500	-	-	-	279,500	259,700
Senior notes	優先票據	543,141	1,444,387	-	-	1,987,528	1,653,019
		3,278,874	2,207,289	406,452	153,829	6,046,444	5,389,988

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash and cash equivalents, pledged and restricted cash and borrowings issued at variable rates.

(c) 利率風險

利率風險是指金融工具的公允值或未來現金流量因市場利率變動而波動的風險。本集團利率風險主要來自現金及現金等值物、已抵押及受限制現金及浮動利率借款。

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(c) Interest rate risk (Cont'd)

The Group does not anticipate significant impact on cash and cash equivalents and the pledged deposits because the interest rates of bank deposits are not expected to change significantly. The Group does not carry out any hedging activities to manage its interest rate exposure.

(i) Interest rate profile

		2020		2019	
		Weighted average effective Interest rate		Weighted average effective Interest rate	
		加權平均 實際利率		加權平均 實際利率	
		%	RMB'000	%	RMB'000
		%	人民幣千元	%	人民幣千元
Fixed rate liabilities:	固定利率借貸：				
Lease liabilities	租賃負債	8.03%	40,108	8.35%	42,084
Bank loans and other borrowings	銀行貸款及其他借貸	7.10%	739,043	8.37%	623,245
Senior notes	優先票據	14.41%	1,820,524	14.36%	1,653,019
Corporate bonds	公司債券	–	–	8.04%	259,700
Other payables	其他應付款項	10%	77,075	–	–
Other current liabilities	其他流動負債	4.46%	300,000	–	–
			2,976,750		2,578,048
Variable rate liabilities:	浮動利率借貸：				
Bank loans and other borrowings	銀行貸款及其他借貸	7.27%	571,216	6.64%	610,438
			3,547,966		3,188,486
Net fixed rate liabilities as a percentage of total interest-bearing liabilities	固定利率借貸淨額佔總有息借貸的百分比		84%		81%

38 金融風險管理及公允值(續)

(c) 利率風險(續)

本集團預期現金及現金等值物及已抵押存款不會受重大影響，因為預期銀行存款利率不會有重大變動。

(i) 利率情況

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(c) Interest rate risk (Cont'd)

(ii) Sensitivity analysis

At 31 December 2020, it is estimated that a general increase/decrease of 50 basis points (2019: 50 basis points) in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and decreased/increased total equity attributable to equity shareholders of the Company by approximately RMB2,142,000 (2019: decreased/increased the Group's loss after tax and total equity attributable to equity shareholders of the Company by approximately RMB2,289,000), which has not taken into account of effect of interest capitalisation.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis as 2019.

38 金融風險管理及公允值(續)

(c) 利率風險(續)

(ii) 敏感度分析

於2020年12月31日，在其他所有變量保持不變的情況下，倘利率整體上升／下降50個基點(2019年：50個基點)，在並無計及利息資本化的影響下，估計會增加／減少本集團的除稅後利潤及本公司權益股東應佔總權益將減少／增加約人民幣2,142,000元(2019年：本集團的除稅後虧損及本公司權益股東應佔總權益減少／增加約人民幣2,289,000元)。

上述敏感度分析顯示本集團的除稅後虧損(及保留利潤)以及合併權益的其他部分可能產生的即時變動。敏感度分析假設利率變動於報告期末已發生，並已用於重新計量本集團所持有並於報告期末使本集團面對公允值利率風險的金融工具。關於本集團於報告期末持有的浮動利率非衍生工具產生的現金流量利率風險，對本集團的除稅後虧損(及保留利潤)以及合併權益的其他組成部分的影響，以該利率變動對利息支出或收入的年度影響估計。有關分析乃按2019年的相同基準作出。

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(d) Currency risk

The Group is exposed to foreign currency risk primarily on bank deposits and senior notes to which the transactions relate. The currencies giving rise to this risk are primarily US dollars and Hong Kong dollars. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. It will affect the exchange reserve of the Company's financial statements resulted from the translation of the financial statements of foreign operations into the Group's presentation currency.

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments held for non-trading purposes classified as financial assets measured at FVTPL (see note 19 and 21).

The Group's unquoted investments are held for long term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plan.

38 金融風險管理及公允值(續)

(d) 貨幣風險

本集團面對外幣風險，主要來自與交易有關的銀行存款和優先票據。引致有關風險的貨幣主要為美元及港元。此情況下，假定美元對其他貨幣的匯率浮動不會對港元與美元之間的聯繫匯率產生重大影響。將國外業務的財務報表換算成本集團的列報貨幣將會影響公司財務報表的外匯儲備。

(e) 權益投資價格風險

本集團面對以非交易為目的持有的權益投資即劃分為以公允價值計量且其變動計入當期損益的金融資產所引起的價格變動風險(見附註19及21)。

本集團的未報價投資是持作長期策略用途。本集團會根據就同類上市實體表現可得的有限資料而對該等投資表現至少每兩年評估一次，連同評估彼等與本集團長期策略計劃的相關性。

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(f) Fair value measurement

(i) Financial instruments measured at fair value

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: 第一級估值：	Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date 僅使用第一級數據計量的公允值，即於計量日期在活躍市場對相同資產或負債未經調整的報價
Level 2 valuations: 第二級估值：	Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available 使用第二級數據計量的公允值，即不符合第一級的可觀察數據及未有採用不可觀察的重要數據。不可觀察數據乃指無法取得市場資料的數據
Level 3 valuations: 第三級估值：	Fair value measured using significant unobservable inputs 使用不可觀察的重要數據計量的公允值

38 金融風險管理及公允值(續)

(f) 公允值計量

(i) 按公允值計量的金融工具

下表呈列於報告期末以經常性準則計量的金融工具公允值，並按國際財務報告準則第13號，公允值計量所界定分類為三個公允值級別。公允值計量是參考以下估值方法所使用的輸入數據可觀察性及重要性而分類及釐定其級別：

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(除另有指明外，均以人民幣列示)

38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(f) Fair value measurement (Cont'd)

(i) Financial instruments measured at fair value (Cont'd)

	Note 附註	Fair value at 31 December 2020 於2020年 12月31日 的公允值 RMB'000 人民幣千元	Fair value measurements as at 31 December 2020 categorised into 於2020年12月31日 分類為以下級別的公允值計量		Fair value at 31 December 2019 於2019年 12月31日 的公允值 RMB'000 人民幣千元	Fair value measurements as at 31 December 2019 categorised into 於2019年12月31日 分類為以下級別的公允值計量	
			Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元		Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元
Recurring fair value measurements							
Financial assets:							
– Derivative financial instrument	21	-	-	-	10,340	10,340	-
– Wealth management products	21	9,000	9,000	-	800	800	-
– Unlisted equity investments not held for trading	19	253,062	-	253,062	191,398	-	191,398
– Amount due from an associate	19	84,826	-	84,826	77,936	-	77,936
Financial liability:							
– Other financial liabilities	34	(78,333)	-	(78,333)	(70,838)	-	(70,838)

During the years ended 31 December 2020 and 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels and fair value hierarchy as at the end of the reporting period in which they occur.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2020 and 2019.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of derivative financial instruments in Level 2 is the estimated amount that the Group would receive or pay to terminate the option at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the option counterparties.

38 金融風險管理及公允值(續)

(f) 公允值計量(續)

(i) 按公允值計量的金融工具(續)

截至2020年12月31日及2019年12月31日止年度，第一級與第二級之間並無任何轉移，亦無轉入或轉出第三級。本集團的政策為於發生公允值等級轉移的報告期間結束時，確認不同級別之間的轉移。

本集團按成本或攤銷成本列賬的金融工具賬面值與其於2020年12月31日及2019年12月31日的公允值並無重大差異。

(ii) 第二級公允值計量所用的估值方法及輸入數據

第二級衍生金融工具的公允值為本集團於報告期末為終止權利將收到或結付的估值，考慮當前利率和期權交易對手的當前信貸評級。

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(f) Fair value measurement (Cont'd)

(iii) Information about Level 3 fair value measurements

The fair value of unlisted equity instruments is determined using the price/earning ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

The fair value of amount due from an associate measured at FVTPL and other financial liability are determined using future estimated cash flow to be recovered/paid, future profit forecast of the disposal entity, development progress and applicable discount rate.

The movement during the period in the balance of Level 3 fair value measurements is as follows:

38 金融風險管理及公允值(續)

(f) 公允值計量(續)

(iii) 有關第三級公允值計量的資料

非上市股權工具的公允值以可比上市公司的價格／銷售比率判斷，為欠缺市場流通性作出的折讓而調整。公允值的計量與就欠缺市場流通性作出的折讓成反比。

應收聯營公司款項是以公允價值計量且其公允價值變動將計入當期損益，其他金融負債的公允價值是通過預計收回／支付的未來現金流量、處置主體的未來利潤預測和適用的折現率三個因素確定。

期內第三級公允值計量結餘變動情況如下：

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Financial assets measured at Level 3 Fair value:	按第三等級計量的金融資產：		
At 1 January	於1月1日	269,334	118,594
Additions	增加	12,513	309,914
Settlement/disposal	結算／處置	-	(184,460)
Net unrealised/realised gains recognised in profit or loss during the year	年內於損益確認的未變現／變現收益淨額	56,041	25,286
At 31 December	於12月31日	337,888	269,334
Financial liabilities measured at Level 3 Fair value:	按第三等級計量的金融負債：		
At 1 January	於1月1日	70,838	-
Additions	增加	-	70,838
Net unrealised losses recognised in profit or loss during the year	年內於損益確認的未變現虧損淨額	7,495	-
At 31 December	於12月31日	78,333	70,838
Net gains for the period included in profit or loss for assets and liabilities held at the end of the reporting period	就於報告期末持有的資產和負債計入損益的期內收益淨額	48,546	25,286

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38 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Cont'd)

(f) Fair value measurement (Cont'd)

(iv) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments which are carried at cost or amortised cost are not materially different from their fair values as at 31 December 2020 and 2019.

39 COMMITMENTS

Capital commitments outstanding at 31 December 2020 contracted but not provided for in the financial statements were as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Construction and development contracts	建設及發展合約	2,130,295	1,695,686
Land agreements	土地合同	1,578,273	-
		3,708,568	1,695,686

38 金融風險管理及公允值(續)

(f) 公允值計量(續)

(iv) 以非公允價值計量的金融資產和金融負債的公允價值

本集團以成本或攤餘成本計量的金融工具的賬面價值與其截至2020年12月31日和2019年12月31日的公允價值並無重大差異。

39 承擔

於2020年12月31日已訂約但於財務報表內無撥備的資本承擔如下：

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40 CONTINGENT LIABILITIES

Guarantees

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owned by the defaulted purchasers to the banks. The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtained the individual property ownership certificate and the full settlement of mortgage loans by the buyer.

The maximum amounts of guarantees given to banks for mortgage facilities granted to the purchasers of the Group's properties at the end of each reporting period is as follows:

	2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	2,648,311	2,757,903

The directors consider that it is not probable that the Group will sustain a loss under these guarantees as the Group can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks. The directors of the Company also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event the purchasers default payments to the banks.

The Group has not recognised any deferred income in respect of these guarantees as its fair value is considered to be minimal by the directors of the Company.

40 或然負債

擔保

本集團為若干銀行就本集團物業買方所訂立的按揭貸款而授出的按揭融資提供擔保。根據擔保條款，倘該等買方拖欠按揭付款，則本集團須負責償還欠負的按揭貸款連同違約買方應付予銀行的任何應計利息及罰款。本集團的擔保期由相關按揭貸款授出日期起，直至買家取得個別房產證及全數繳付按揭貸款(以較早者為準)時止。

於各報告期末就本集團物業買方獲授的按揭融資而向銀行作出的最大擔保金額如下：

	2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
就本集團物業買方獲授的按揭融資而向銀行作出的擔保	2,648,311	2,757,903

董事認為，由於本集團可接管相關物業的所有權並出售有關物業，以收回本集團向銀行支付的任何金額，因此本集團不大可能因該等擔保而遭致虧損。本公司董事亦認為，倘買方拖欠償還銀行付款，則相關物業的公允市值能彌補本集團所擔保的未償還按揭貸款。

由於本公司董事認為該等擔保的公允值極低，故本集團並未就該等擔保確認任何遞延收入。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

41 MATERIAL RELATED PARTY TRANSACTIONS

Except for the amount due to a related party as set out in note 25 and amounts due to controlling shareholders as set out in note 30, the other material related party transactions are disclosed as follows:

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

		2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
Wages, salaries and other benefits in kind	工資、薪金及其他實物福利	31,152	44,854
Contribution to defined contribution retirement plans	定額供款退休計劃	292	412
Equity settled share-based payment expenses	以權益結算以股份為基礎的付款開支	3,586	-
		35,030	45,266

Total remuneration is included in "staff costs" (see note 5(b)).

The related party transactions in respect of the remuneration of directors of the Company constitute connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.95 of the Listing Rules.

41 重大關聯方交易

除載於附註25的應付關聯方款項和載於附註30的應付控股股東款項外，其他重大關聯方交易披露如下：

(a) 主要管理人員薪酬

本集團主要管理人員薪酬包括附註7所披露向本公司董事支付的金額及附註8所披露向若干最高薪僱員支付的金額，載列如下：

薪酬總額載於「員工成本」(請參閱附註5(b))。

與本公司董事薪酬有關的關聯交易構成《上市規則》第14A章所定義的關連交易。然而，根據《上市規則》第14A.95條，這些交易可獲全面豁免遵守股東批准、年度審閱及所有披露規定。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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41 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(b) Transactions with related parties

During 2020, rental income from related parties of RMB460,000 are related to finance lease arrangements. These related party transactions constitute connected transactions as defined in Chapter 14A of the Listing Rule. However, these transactions are fully exempt from shareholders' approval, annual review and all disclosure requirements as they fall into the category of De minimis transactions pursuant to Rule 14A.76 of the Listing Rules.

Financial assistance received from a related party disclosed in note 25 and financial assistance received from controlling shareholders disclosed in note 30 constitute connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are fully exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules, as they are conducted on normal commercial terms or better and not secured by the assets of the Group.

41 重大關聯方交易(續)

(b) 關聯方交易

於2020年，來自關聯方的租金收入人民幣460,000元是與融資租賃安排相關。該等關聯方交易構成《上市規則》第14A章定義的關連交易。然而，由於該等交易屬於上市規則第14A.76條界定的符合最低豁免水平的交易，故該等交易可獲全面豁免遵守股東批准、年度審閱及所有披露規定。

附註25披露的關聯方提供的財務資助和附註30披露的控股股東提供的財務資助構成《上市規則》第14A章定義的關連交易。然而，這些交易是按照正常商業條款或更好的商業條款進行，且不以本集團的資產作抵押，故根據上市規則第14A.90條，該等交易可獲全面豁免遵守股東批准、年度審閱及所有披露規定。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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42 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

42 公司層面的財務狀況表

		Note	2020 RMB'000 人民幣千元	2019 RMB'000 人民幣千元
		附註		
Non-current assets	非流動資產			
Interests in subsidiaries	於子公司的權益		1,500,191	1,512,231
Other non-current assets	其他非流動資產		-	104,668
			1,500,191	1,616,899
Current assets	流動資產			
Other receivables	其他應收款項		1,868,700	1,644,003
Other financial assets	其他金融資產		-	10,340
Cash and cash equivalents	現金及現金等值物		13,225	217,507
			1,881,925	1,871,850
Current liabilities	流動負債			
Other payables and accruals	其他應付及應計款項		44,189	51,950
Bank loans	銀行借款		-	188,009
Senior notes	優先票據	28	1,820,524	314,220
			1,864,713	554,179
Net current assets	流動資產淨值		17,212	1,317,671
Total assets less current liabilities	總資產減流動負債		1,517,403	2,934,570
Non-current liabilities	非流動負債			
Senior notes	優先票據	28	-	1,338,799
NET ASSETS	資產淨值		1,517,403	1,595,771
Capital and reserves	股本及儲備	37(a)		
Share capital	股本		36,598	31,825
Reserves	儲備		1,480,805	1,563,946
TOTAL EQUITY	權益總額		1,517,403	1,595,771

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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43 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

In January 2021, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US\$13,500,000 (equivalent to RMB88,086,000), which are consolidated and formed a single class with the 14.00% 2021 senior notes due 2021 issued by the Company on 19 December 2019, 6 January 2020, 30 October 2020 and 25 November 2020.

44 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at 31 December 2020, the directors consider the immediate parent and ultimate controlling party of the Group to be China Guangdong – Hong Kong Greater Bay Area Holdings Limited, which is incorporated in the British Virgin Islands with limited liability. This entity does not produce financial statements available for public use.

43 報告期後非調整事項

2021年1月，本公司發行本金總額為13,500,000美元(相當於人民幣88,086,000元)的額外2021年優先票據，該等票據與本公司於2019年12月19日、2020年1月6日、2020年10月30日及2020年11月25日發行的2021年到期14.00%的2021年優先票據合併成單一類別。

44 直接和最終控制方

截至2020年12月31日，董事會認為該集團的直接母公司和最終控制方為中國粵港灣區控股有限公司，該公司在英屬維京群島註冊成立有限責任公司。該實體並無編製作公開用途的財務報表。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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45 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and a new standard, IFRS 17, Insurance contracts, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

45 於截至2020年12月31日止年度已頒佈但未生效的修訂、新準則及詮釋的可能影響

直至該等財務報表刊發日期，國際會計準則理事會已頒佈若干於截至2020年12月31日止年度尚未生效且並無於本財務報表採納的修訂及一個新準則，國際財務報告準則第17號，保險合約。其中包括以下可能與本集團有關的事項。

	Effective for accounting periods beginning on or after 於以下日期 或之後開始之 會計期間生效
Amendments to IFRS 3, <i>Reference to the Conceptual Framework</i> 國際財務報告準則第3號(修訂本)，對概念框架之引述	1 January 2022 於2022年1月1日
Amendments to IAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i> 國際會計準則第16號(修訂本)，不動產、廠房和設備：達到預定使用狀態前的款項	1 January 2022 於2022年1月1日
Amendments to IAS 37, <i>Onerous Contracts – Cost of Fulfilling a Contract</i> 國際會計準則第37號(修訂本)，虧損性合約－履行合約的成本	1 January 2022 於2022年1月1日
<i>Annual Improvements to IFRSs 2018–2020 Cycle</i> 國際財務報告準則2018–2020週期的年度改善	1 January 2022 於2022年1月1日

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

本集團正在評估這些準則變化對首次執行期間的影響。截至目前為止，本集團相信採納這些修訂不大可能會對合併財務報表產生重大影響。

NOTES TO THE FINANCIAL STATEMENTS 財務報表附註

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46 IMPACT OF COVID-19 PANDEMIC

The COVID-19 pandemic since early 2020 has brought about additional uncertainties in the Group's operating environment and does not have a material impact on the Group's operations and financial position.

The Group has been closely monitoring the impact of the developments on the Group's business and has put in place contingency measures. These contingency measures include additional hygiene and epidemic prevention services such as cleaning and disinfection when rendering property management and related services. The property construction and sales activities have been delayed but have gradually resumed to normal operation by the end of 2020 and the Group expects impact brought by COVID-19 to be temporary and believes that it will not affect the Group's long-term expectations on future development.

46 新冠肺炎疫情影響

2020年初以來的新冠肺炎疫情給集團的經營環境帶來了新的不確定性，對集團的經營和財務狀況產生的影響不重大。

集團一直在密切留意着相關局勢對集團業務的影響，並已採取應急措施。這些應急措施包括在提供物業管理和相關服務時提供額外的衛生和防疫服務，例如清潔和消毒。房地產建設和銷售活動已推遲，但到2020年底已逐漸恢復正常營運。本集團預計新冠肺炎疫情帶來的影響是暫時的，並認為不會影響本集團對未來發展的長期預期。

Questions about the terms of the Exchange Offer should be directed to the Dealer Manager or the Information, Exchange and Tabulation Agent at their respective addresses and telephone numbers set forth below.

If you have questions regarding tender or exchange procedures, please contact the Information, Exchange and Tabulation Agent at the address and telephone number set forth below.

All documents of materials related to the Exchange Offer will be made available, subject to eligibility, on the Exchange Website. For additional copies of this Exchange Offer memorandum, please contact the Information, Exchange and Tabulation Agent at the address and telephone number set forth below.

Beneficial owners may also contact their brokers, dealers, commercial banks, trust companies or other nominee for assistance concerning the Exchange Offer.

The Information, Exchange and Tabulation Agent for the Exchange Offer is:

Kroll Issuer Services Limited

In London:
The Shard
32 London Bridge Street
London SE1 9SG
United Kingdom
Tel: +44 20 7704 0880

In Hong Kong:
3/F Three Pacific Place
1 Queen's Road East
Admiralty
Hong Kong
Tel: +852 2281 0114

Attention: Mu-yen Lo/Illia Vyshenskyi
Email: youngo@is.kroll.com
Exchange Website: <https://deals.is.kroll.com/youngo>
RSA Accession Portal: <https://deals.is.kroll.com/youngo-rsa>

The Dealer Manager for the Exchange Offer is:

China CITIC Bank International Limited