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香港投資者謹請注意：合生創展集團有限公司(「發行人」)及附屬擔保人(定義見下文)確認債券(定義見下文)擬僅供專業投資者(定義見香港聯合交易所有限公司證券上市規則第37章)購買，並將僅按該基準於香港聯交所(定義見下文)上市。因此，發行人及附屬擔保人確認債券不適合作為香港零售投資者之投資。投資者應審慎考慮所涉及的風險。

刊發發售通函



合生創展集團有限公司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

(在百慕達註冊成立的有限公司)

(股份代號：754)

網址：<http://www.irasia.com/listco/hk/hopson>

於二零二三年到期的250,000,000美元8.00%有擔保可換股債券
(股份代號：4312)

擔保人為

合生創展集團有限公司五十五間直接及間接附屬公司
(「附屬擔保人」)

獨家賬簿管理人及獨家牽頭經辦人

滙豐銀行

本公告乃根據香港聯合交易所有限公司(「香港聯交所」)證券上市規則(「上市規則」)第37.39A條刊發。

請參閱本公告隨附日期為二零二二年一月六日的發售通函(「發售通函」)，內容有關於二零二三年到期本金總額為250,000,000美元8.00%可換股債券(「債券」)。發售通函僅以英文刊發，並無刊發發售通函的中文版。

誠如發售通函所披露，該等債券僅供專業投資者(定義見上市規則第37章)購買，並將按該基準於香港聯交所上市。

發售通函並不構成向任何司法權區的公眾提呈出售任何證券的招股章程、通告、通函、宣傳冊或廣告，且並非向公眾發出邀請以就認購或購買任何證券作出要約，亦非供傳閱以邀請公眾就認購或購買任何證券作出要約。

發售通函不得被視為認購或購買發行人任何證券的勸誘，且並無意進行有關勸誘。投資決定不應根據發售通函所載資料而作出。

承董事會命
合生創展集團有限公司
主席
朱桔榕

香港，二零二二年一月十一日

於本公告日期，董事會包括八名董事。執行董事為朱桔榕女士(主席)、張帆先生(聯席總裁)、歐偉建先生、謝寶鑫先生及鮑文格先生；及獨立非執行董事為陳龍清先生、程如龍先生及葉偉倫先生。

* 僅供識別

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Offering Circular. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, 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: This Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to The Hongkong and Shanghai Banking Corporation Limited (the “**Lead Manager**”) that (1) you and any customers you represent are not U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”)) and that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular 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 neither the Lead Manager nor any of its respective affiliates, directors, officers, employees, representatives, agents and each person who controls the Lead Manager or its respective 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.

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合生創展集團有限公司*

HOPSON DEVELOPMENT HOLDINGS LIMITED

Hopson Development Holdings Limited

(incorporated in Bermuda with limited liability)

(Stock code: 754)

US\$250,000,000 8.00 per cent. Guaranteed Convertible Bonds due 2023

Issue Price: 100.00 per cent.

The US\$250,000,000 aggregate principal amount of 8.00 per cent. Guaranteed Convertible Bonds due 2023 (the “**Bonds**”) will be issued by Hopson Development Holdings Limited 合生創展集團有限公司 (the “**Issuer**”, the “**Company**” or “**we**”) and will be unconditionally and irrevocably guaranteed (the “**Bonds Guarantees**”) by certain of the Issuer’s subsidiaries (the “**Subsidiary Guarantors**”).

The Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4 of the Terms and Conditions of the Bonds (the “**Terms and Conditions**” or the “**Conditions**”), at all times rank at least equally with all of the Issuer’s other present and future direct, unconditional, unsubordinated and unsecured obligations. The payment obligations of each Subsidiary Guarantor under their respective Bonds Guarantees will, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all their respective other present and future direct, unconditional, unsubordinated and unsecured obligations.

The Bonds will be issued in the specified denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

Each Bond will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) between 20 December 2022 to 21 December 2022 (both dates inclusive) and up to the close of business of 21 December 2022 into fully paid ordinary shares of par value of HK\$0.10 each in the issued share capital of the Issuer (the “**Shares**”) at an initial conversion price of HK\$20.16 per Share (the “**Initial Conversion Price**”). The Issuer shall satisfy the exercise of any conversion right exercised by a holder by paying to the relevant holder the Cash Conversion Amount (as defined in the Conditions) and delivering to the relevant holder the Net Shares (as defined in the Conditions) (the “**Net Share Settlement Mechanism**”). The Net Share Settlement Mechanism is further described under “*Terms and Conditions of the Bonds — Conversion — Conversion Procedure — Net Share Settlement Mechanism*”. The Initial Conversion Price is subject to adjustment in the circumstances described under “*Terms and Conditions of the Bonds — Conversion — Adjustments to Conversion Price*” and “*Terms and Conditions of the Bonds — Conversion — Adjustment upon Change of Control or Free Float Event*”. The closing price of the Shares on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on 8 December 2021 was HK\$19.28 per Share.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed on 6 January 2023 (the “**Maturity Date**”) at 100.00 per cent. of their principal amount. The Issuer may on giving not less than 30 nor more than 60 days’ notice to the Bondholders and the Trustee (which notice will be irrevocable) at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at a redemption price equal to their principal amount together with interest accrued to but excluding the date fixed for redemption **provided** that prior to the date of such notice at least 90% in principal amount of the Bonds originally issued (including any further bonds issued pursuant to Condition 15 and consolidated and forming a single series with the Bonds) has already been converted, redeemed or purchased and cancelled. At any time the Issuer may, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (a “**Tax Redemption Notice**”) (which notice shall be irrevocable) redeem the Bonds in whole but not in part if the Issuer (or if the Bonds Guarantees were called, any Subsidiary Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions) as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) in Hong Kong or Bermuda or any jurisdiction in which the Issuer or any Subsidiary Guarantor, as the case may be, is organised or resident for tax purposes or engaged in business for tax purposes or any authority thereof or therein having power to tax or through which payment by or on behalf of the Issuer or a Subsidiary Guarantor is made or any political subdivision or taxing authority thereof or therein (the “**Relevant Tax Jurisdiction**”), or any change in the existing 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 (a) with respect to the Issuer or any Subsidiary Guarantor, on or after 8 December 2021 or, (b) in the case of a future Subsidiary Guarantor that is organised or resident for tax purposes in a jurisdiction that is not a Relevant Tax Jurisdiction as of the Issue Date, on or after the date such Subsidiary became a Subsidiary Guarantor, and the Issuer or such Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date (as defined in the Conditions) would be, required to pay Additional Tax Amounts with respect to any payment due or to become due under the Bonds or the Trust Deed and such requirement cannot be avoided by taking reasonable measures by the Issuer or such Subsidiary Guarantor, as the case may be (**provided** that changing the jurisdiction of the Issuer or such Subsidiary Guarantor, as the case may be, is not a reasonable measure), **provided that** no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer or such Subsidiary Guarantor, as the case may be, would be obliged to pay such Additional Tax Amounts in respect of the Bonds then due. In the event (i) the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive Trading Days (as defined in the Conditions) on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange (as defined in the Conditions); or (ii) there is a Free Float Event (as defined in the Conditions), the holder of each Bond will have the right at such holder’s option, to require the Issuer to redeem all or some only (subject to the principal amount of such holder’s Bonds redeemed and the principal amount of the balance of such holder’s Bonds not redeemed being an Authorised Denomination (as defined in the Conditions)) of such holder’s Bonds on the Relevant Event Redemption Date (as defined in the Conditions) at a redemption price equal to their principal amount together with interest accrued to but excluding the Relevant Event Redemption Date. Not later than 30 days following a Change of Control Triggering Event (as defined in the Conditions), the Issuer will make an Offer to Purchase (as defined in the Conditions) all outstanding Bonds at a purchase price equal to the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date (as defined in the Conditions). See “*Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation*” and “*Terms and Conditions of the Bonds — Covenant*”.

Application has been made to Hong Kong Stock Exchange for (i) the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (“**Professional Investors**”) only; and (ii) the listing of, and permission to deal in, the Shares issuable on conversion, and such permissions are expected to become effective on 11 January 2022 and when such Shares are issued, respectively. This document is for distribution to Professional Investors only.

* For identification purposes only

Notice to Hong Kong investors: The Issuer and the Subsidiary Guarantors confirm that the Bonds are intended for purchase by Professional Investors only and will be listed on Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Subsidiary Guarantors confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

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

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Subsidiary Guarantors. The Issuer and the Subsidiary Guarantors accept full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Investing in the Bonds and the Shares involves certain risks. See “Risk Factors” beginning on page 17 for a discussion of certain factors to be considered in connection with an investment in the Bonds. Furthermore, investors should be aware that the Bonds are guaranteed by Subsidiary Guarantors which do not currently have significant operations and certain Bonds Guarantees may be released automatically without investors’ consent. Unless otherwise set out in the Terms and Conditions, the Conversion Rights of the Bonds may only be exercisable by the Bondholders between 20 December 2022 and 21 December 2022. Any exercise of Conversion Rights of the Bonds by the Bondholders will be settled by the Company pursuant to the Net Share Settlement Mechanism. There are risks relating to the exercise of Conversion Rights of the Bonds and that there are various other risks relating to the Bonds, the Issuer and its subsidiaries, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Bonds. See the section entitled “Risk Factors” beginning on page 16, particularly pages 45-56 for risks relating to the Bonds, the Bonds Guarantees and the Shares and pages 46 for risks relating to the exercise of Conversion Rights of the Bonds.

The Bonds, the Bonds Guarantees and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and, subject to certain exceptions, may not be offered or sold within the United States. For a description of these and certain further restrictions on offers and sales of the Bonds, the Bonds Guarantees and the Shares to be issued upon conversion of the Bonds and the distribution of this Offering Circular, see “Subscription and Sale”.

Singapore Securities and Futures Act Product Classification — Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”), the Issuer has determined, and hereby notifies all relevant persons (as defined in 309A of the SFA) that the Bonds are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PRIIPs REGULATION — PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Bonds 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”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

The Bonds will be represented by beneficial interests in a global certificate (the “Global Certificate”) in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about 10 January 2022 (the “Issue Date”), with a common depositary for, Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Sole Bookrunner and Sole Lead Manager

HSBC

The date of this Offering Circular is 6 January 2022

IMPORTANT NOTICE

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

Each of the Issuer and the Subsidiary Guarantors, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries (collectively, the "Group"), to the Shares, the Bonds and the Bonds Guarantee to be granted in connection therewith which is, as of such date, material in the context of the issue and offering of the Bonds (including the information which is required by applicable laws and regulations of Bermuda, British Virgin Islands, Hong Kong and the Hong Kong Stock Exchange and the information which, according to the particular nature of the Issuer, the Subsidiary Guarantors, the Group, the Shares, the Bonds and the Bonds Guarantee to be granted in connection therewith, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Subsidiary Guarantors and the Group, and of the rights attaching to the Shares, the Bonds and the Bonds Guarantee to be granted in connection therewith), (ii) the statements in this Offering Circular are true and accurate in all material respects and not misleading, (iii) the opinions, intention or expectation of the Issuer expressed in this Offering Circular are honestly held, have been reached after considering all relevant circumstances and are based on reasonable grounds, (iv) there are no other material facts in relation to the Issuer, the Subsidiary Guarantors, the Group or the Shares or the Bonds or the Bonds Guarantee to be granted in connection therewith the omission of which would, in the context of the issue and offering of the Bonds make any statement in this Offering Circular, in the light of the circumstances under which it was made, misleading in all material respects, (v) all reasonable enquiries have been made by the Issuer and the Subsidiary Guarantors to ascertain such facts and to verify the accuracy of all such information and statements contained in this Offering Circular, (vi) all statistical, market-related and operational data disclosed in this Offering Circular as having come from the Issuer and its subsidiaries, including without limitation the leasable, transferrable and total gross floor areas of each project of the Issuer and its subsidiaries, are derived from the records of the Issuer and its subsidiaries using systems and procedures which incorporate adequate safeguards to ensure that the information is accurate and complete and not misleading in all material respects and presents fairly the information shown therein in all material respects. All industry, statistical and market-related data included in this Offering Circular as having come from a source other than the Issuer and its subsidiaries are based on or accurately derived from sources that the Issuer and its subsidiaries reasonably and in good faith believe are reliable and accurate in all material respects and represent their good faith estimates that are made on the basis of data derived from such sources. The Issuer has obtained the written consent to the use of such data from such sources to the extent required, and (vii) this Offering Circular does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Each of the Issuer and the Subsidiary Guarantors accept full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. This Offering Circular has been prepared by the Issuer and the Subsidiary Guarantors solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Subsidiary Guarantors and the Lead Manager to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain

jurisdictions including the United States, the European Economic Area, the United Kingdom, Hong Kong, Singapore, Japan, Bermuda and the British Virgin Islands, and to persons connected therewith. For a description of certain further restrictions on offers, sales and re-sales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Subsidiary Guarantors, the Group, the Bonds or the Shares other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Subsidiary Guarantors, the Lead Manager, the Trustee or the Agents (in each case as defined herein). Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Subsidiary Guarantors, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Subsidiary Guarantors, the Lead Manager, the Trustee, the Agents or any of their respective affiliates to subscribe for or purchase any of the Bonds or Shares and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

Each of the Issuer and the Subsidiary Guarantors have submitted this Offering Circular confidentially to a limited number of institutional investors so that they can consider a purchase of the Bonds. The Issuer and the Subsidiary Guarantors have not authorised its use for any other purpose. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

No representation or warranty, express or implied, is made or given by the Lead Manager, the Trustee, the Agents or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Lead Manager, the Trustee, the Agents or any of their respective affiliates. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Subsidiary Guarantors, the Lead Manager, the Trustee, the Agents or any of their respective affiliates that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

In making an investment decision, investors must rely on their own examination of the Issuer, the Subsidiary Guarantors and other members of the Group and the terms of the offering, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Lead Manager, the Trustee, the Agents or any person affiliated with the Lead Manager, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision.

This Offering Circular incorporates by reference the audited consolidated financial statements of the Issuer as of and for the years ended 31 December 2019 and 2020 and the unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2021. The consolidated financial statements were prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

Singapore Securities and Futures Act Product Classification — Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the “**SFA**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in 309A of the SFA) that the Bonds are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PRIIPs REGULATION — PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Bonds 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**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

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CERTAIN DEFINED TERMS, CONVENTIONS AND CURRENCY PRESENTATION

We have prepared this Offering Circular using a number of conventions, which you should consider when reading the information contained herein. When we use the term “**the Issuer**”, “**the Company**”, “**we**”, “**us**”, “**our**” and words of similar import, we are referring to Hopson Development Holdings Limited 合生創展集團有限公司 and its consolidated subsidiaries, unless the context indicates otherwise.

In this Offering Circular, references to:

“**Government Agencies**” refer to government agencies, and local government agencies, such as sub-district administrative organizations, provincial administrative organizations and municipalities;

“**China**” or “**mainland China**” refers to the People’s Republic of China, excluding Hong Kong Special Administrative Region of the PRC (“**Hong Kong**”), Macau Special Administrative Region of the PRC (“**Macau**”) and Taiwan;

“**GFA**” refers to gross floor area;

“**Greater China**” refers to mainland China, Macau, Hong Kong and Taiwan;

“**HK\$**” refers to the lawful currency of Hong Kong;

“**U.S. Dollar**” or “**US\$**” refer to the lawful currency of the United States;

“**United States**” or “**U.S.**” refer to the United States, its territories and possessions, any State of the United States and the District of Columbia;

“**we**,” “**our**,” “**ourselves**,” “**us**” or the “**Group**” refer to the Company or the Company and its subsidiaries, taken as a whole, as the context may require; and

“**you**” or “**your**” refer to potential investors in, or purchasers of the Bonds.

The Group records and publishes its financial statements in HK dollars. Unless otherwise stated in this Offering Circular, all translations from HK dollars into U.S. dollars were made at the rate of HK\$7.7658 to U.S.\$1.00, the noon buying rate in New York City for cable transfers payable in HK dollars as certified for customs purposes by the Federal Reserve Bank of New York on 30 June 2021. All such translations in this Offering Circular are provided solely for your convenience and no representation is made that the HK 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.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Offering Circular, references to “2018,” “2019,” “2020” and “2021” refer to the Issuer’s financial years ended 31 December 2018, 2019, 2020 and 2021, respectively. The Issuer’s consolidated financial statements as of and for the year ending 31 December 2019 (the “**2019 Financial Statements**”) and as of and for the year ending 31 December 2020 (the “**2020 Financial Statements**”) were audited by our independent auditor, in accordance with Hong Kong Standards on Auditing (“**HKSA**”) issued by the HKICPA. The Issuer’s unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2021 (the “**2021 Interim Financial Statements**”) were reviewed by our independent auditor, in accordance with Hong Kong Standard on Review Engagements (“**HKSRE**”) 2410 issued by the HKICPA. The 2019 Financial Statements, the 2020 Financial Statements and the 2021 Interim Financial Statements (together, the “**Financial Statements**”) are incorporated by reference in this Offering Circular. Unless otherwise stated, all of the Issuer’s financial information is stated in accordance with HKFRS and its financial statements are presented on a consolidated basis. The Issuer’s presentation currency is the Hong Kong Dollar, and accordingly its Financial Statements are presented in Hong Kong Dollars.

Figures and percentages are rounded to one decimal place, where appropriate. Any discrepancies in the tables included in this Offering Circular between the amounts listed and the totals are due to rounding.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains, and any amendment or supplement to this Offering Circular may contain, “forward-looking” statements that relate to future events, which are, by their nature, subject to significant risks and uncertainties. Statements regarding the Group’s future financial position and results of operations, strategy, plans, objectives, goals and targets, and any statements preceded by, followed by or that include the words “believe,” “expect,” “plan,” “aim,” “intend,” “will,” “may,” “project,” “estimate,” “forecast,” “anticipate,” “predict,” “seek,” “should” or similar words or expressions, are forward-looking statements.

These forward-looking statements include, without limitation, statements relating to:

- estimated financial information and projections regarding the Group, and its future development and economic performance;
- future earnings, cash flow and liquidity;
- potential growth opportunities;
- the Group’s cost of capital and financing plans;
- the Group’s investment strategy;
- the Group’s relationship with the Government;
- the Group’s competitive position and the effects of competition on its business;
- development of additional revenue sources;
- the amount and nature of future capital expenditures;
- delays or changes in the development of the Group’s businesses;
- the condition of and changes in the local, Asian or global economies;
- the performance of third parties under material agreements; and
- regulatory changes and future Government policy relating to the real estate industry in the PRC.

The future events referred to in these forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Group’s control, which may cause the actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future and are not a guarantee of future performance. Important factors that could cause the actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- competition from other companies in the real estate industry, in the PRC and regionally;
- compliance by third parties with their obligations under agreements to which we or the Group’s subsidiaries are parties;
- ability to obtain capital for anticipated expansion plans;

- changes in interest rates;
- acts of international or domestic terrorism;
- changes in general economic, business and political conditions in the PRC and surrounding regions and countries;
- changes in the laws, regulations, taxation, accounting standards or practices, or policies of the Government which apply to us;
- labour unrest or other similar situations;
- the Group’s ability to obtain and retain skilled personnel;
- the availability of insurance coverage at commercially acceptable premiums;
- accidents, public disorder, natural disasters, severe weather or outbreaks (or fear of outbreaks) of infectious diseases, including the COVID-19 outbreak or any other global pandemic or crisis;
- the Group’s management’s success at managing the above-described risks and factors; and
- other factors not yet known to us.

This list of important factors is not exhaustive. Additional factors that could cause the actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Risk Factors*”. When relying on forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Such forward-looking statements speak only as of the date on which they are made. Accordingly, none of the Group, the Lead Manager or any of their respective affiliates undertakes any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. None of the Group, the Lead Manager or any of their respective affiliates makes any representation, warranty or prediction that the results expressed or implied by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Accordingly, investors should not place undue reliance on any forward-looking statements.

INCORPORATION BY REFERENCE

The following documents filed with the Hong Kong Stock Exchange are deemed to be incorporated by reference into, and to form part of, this Offering Circular:

The Group's audited annual consolidated financial statements as at and for the years ended 31 December 2019 and 2020 and the unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

Each document incorporated herein by reference is current only as at the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Issuer, the Subsidiary Guarantors and the Group, as the case may be, since the date thereof or that the information contained therein is current as at any time subsequent to its date. Any statement contained therein shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a subsequent statement contained in another incorporated document herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

The documents incorporated herein by reference are available electronically through the internet from the Hong Kong Stock Exchange.

Prospective investors are advised to obtain and read the documents incorporated by reference herein before making their investment decision.

SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this Summary. Prospective investors should therefore read this Offering Circular in its entirety.

We are one of the largest property developers in China as measured by land bank. We specialize in developing medium to high-end large-scale residential properties, as well as commercial properties. We also engaged in property management, property investment and hotel management. Our geographic focus is three principal economic zones in China — the Pearl River Delta Economic Zone, the Huanbohai Economic Zone and the Yangtze River Delta Economic Zone — with Guangzhou, Beijing, Tianjin and Shanghai as our core cities, where the property markets have grown significantly in recent years.

Since 1995, we have built a recognized brand name in the PRC for quality property development through a concerted corporate strategy and business development model. From our origins in Guangzhou and the Pearl River Delta Economic Zone, we have expanded our operations into Beijing, Tianjin and Shanghai. In Guangzhou, Shanghai and Beijing, our “Regal Riviera”, “Gallopade”, “Fairview”, “Dongjiao Villa”, “Sheshan Dongziyuan” and “No. 8 Royal Park” brands have become associated with quality product design, customer service and facilities accommodating various community cultures and different operating models that meet the diverse needs of our target customers.

Each of our property developments features a unique theme, such as leisure and tourism, to enhance its positioning and marketability and contribute to our overall corporate brand. Our residential projects are typically large-scale development projects in the urban area and incorporate a variety of comprehensive amenities and public facilities to meet the needs of a community. We develop commercial properties, including retail shops, shopping malls, office buildings and hotels. Commercial properties, including integrated residential and commercial developments, have become a substantially increasing proportion of our projects portfolio in recent years. We typically seek to identify large sites in areas at their early stage of development but with significant long-term development potential and strategic importance and therefore are able to acquire land in such areas at relatively low costs. Due to the large scale of our projects, we typically develop our projects in several phases over a three to seven-year period.

As of June 30, 2021, we had 98 property projects in various stages of development, of which 42 property developments were in the Pearl River Delta Economic Zone, 33 property developments in the Huanbohai Economic Zone and 23 property developments in the Yangtze River Delta Economic Zone. As of June 30, 2021, the total saleable GFA of our land bank amounted to approximately 46.7 million sq.m. Our property projects had an aggregate sold GFA of 16.2 million sq.m., an aggregate completed but unsold GFA of 5.8 million sq.m. and an aggregate unsold GFA of 30.5 million sq.m.

In 2020, we officially included investment business as one of our principal business activities.

In addition to our property development business, we have established a diversified business portfolio which achieved robust revenue growth over the years. Our other business segments include:

- *Property investment:* we derive rental fees from our investment property portfolio located in Guangzhou, Beijing, Hangzhou and Shanghai, comprising primarily of commercial, retail and carparking spaces within the property projects developed by us. As of June 30, 2021, we had a total of 15 investment properties in various stages of development.
- *Property management:* we derive management fees from the provision of property management services in respect of properties primarily developed by us. As of June 30, 2021, we provided management services to almost all of our developed properties.

- *Infrastructure*: we primarily engage in the design and construction of our own infrastructure projects, and we also undertake external contracted works. We strive to maintain the balance between efficiency and quality in our infrastructure projects. In 2020, we implemented a technology-driven business strategy to achieve transformative change in our qualifications, platform automation and talent acquisition.
- *Investments*: leveraging on our cash surplus, we focus on medium-to-long term equity investments that yield higher capital returns and stable cash flow in a low-interest environment. Our investment philosophy is to transform the Group from a traditional property developer into a comprehensive investment holding platform empowered by technology and driven by the industry.

In addition, in order to promote our strategy on the balanced development, we expanded our businesses to capital management, community services, auto finance and elderly care services.

For the years ended December 31, 2018, 2019 and 2020 and six months ended June 30, 2020 and 2021, our total revenue was HK\$13,293.5 million, HK\$18,600.6 million and HK\$34,371.3 million (US\$4,433.1 million), HK\$10,736.7 million and HK\$16,074.3 million (US\$2,069.9 million), respectively, and our total profit was HK\$5,822.6 million, HK\$9,650.4 million, and HK\$13,688.1 million (US\$1,765.4 million), HK\$7,145.8 million and HK\$10,124.9 million (US\$1,303.8 million), respectively, during the same periods of time.

COMPETITIVE STRENGTHS

- Market leading integrated property developers in China with an established presence in key geographic markets in China
- A comprehensive investment holding platform with synergistic development of diversified business segments
- Sizable, high quality and low-cost land bank located in strategic locations in China
- High quality residential properties targeted at wide range of customers with different needs in China
- Prudent operational and financial strategies and access to multiple sources of capital
- Experienced and stable management team with proven track record and in-depth industrial knowledge

STRATEGIES

- Continue to pursue diversification of properties portfolio and refine properties portfolio to achieve a balanced revenue profile and develop light asset operation business model
- Continue to develop our financial investment business and broaden our investment and financing channel
- Continue to strengthen our brand name
- Maintain prudent financial management policies and enhance operational efficiency
- Promotion of information technology and improvement of management and control system

RECENT DEVELOPMENTS

Offshore loans with six banks

We set forth below a summary of certain terms and conditions of two offshore loans we have entered into with six lender banks.

These two loans have an aggregate facility amount of up to HK\$3,082 million and US\$310 million, respectively (together, the “**Relevant Loans**”), of which HK\$3,082 million and US\$30 million have been drawn down as at the date of this Offering Circular. Both of these loans have been used for the financing of our offshore working capital requirements.

Under the terms of the Relevant Loans, we, as borrower, have agreed, among other things, to maintain certain financial covenants, including maintaining a ratio of consolidated EBITDA to consolidated interest expenses (“**Interest Cover Ratio**”) to be no less than 2.5. The Interest Cover Ratio is tested semi-annually based on our audited year-end financial statements contained in our published year-end financial reports and reviewed half-year financial statements contained in our published interim financial reports, respectively. The latest testing date is December 31, 2021 and the test will be made by reference to our audited financial statements to be published for the year ended December 31, 2021.

The calculation of the Interest Cover Ratio involves the calculation of our consolidated EBITDA. Historically, a significant part of our profit before taxation is derived from increases in fair value gains on investment properties, and not solely from revenue received from sales of, or leasing of, our properties. For the years ended December 31, 2018, 2019 and 2020 and six months ended June 30, 2021, we recorded fair value gains on investment properties of HK\$4,673.3 million, HK\$8,175.8 million, HK\$763.7 million (US\$98.3 million) and HK\$24.7 million (US\$3.2 million), representing approximately 52.0%, 55.4%, 4.1% and 0.3% of our profit before taxation, respectively. The amount of fair value on investment properties has been, and continues to be, subject to market fluctuations, which is beyond our control. In addition, our estimate of fair value is based on our preliminary internal information and the valuation policies and assumptions adopted by third-party valuers. Audited figures will be used to calculate the Interest Cover Ratio to determine compliance with the Interest Cover Ratio covenant under the Relevant Loans as of the testing date of December 31, 2021.

As at the date of this Offering Circular, we believe that we are in compliance with the applicable Interest Cover Ratio covenant under the Relevant Loans. However, if there is any significant decrease in the fair value of our investment properties as of December 31, 2021, it will have a negative impact on our year-end consolidated profits for the year ended December 31, 2021. As a result, we may fail to meet the Interest Cover Ratio covenant under the Relevant Loans.

Actions taken by the Company

In seeking to address the above and as a matter of caution, as at the date of the Offering Circular we have expressly communicated our view concerning compliance with the applicable Interest Cover Ratio covenant with and provided our calculations of the Interest Cover Ratio to the respective lead facility agents of the Relevant Loans. As at the date of this Offering Circular, we have given a preliminary notification in writing to the respective lead facility agents of the Relevant Loans of our intention to fully prepay the Relevant Loans by using our cash reserves if we cannot meet the Interest Cover Ratio for the December 31, 2021 testing date and fail to get the waivers of such a breach of the Interest Cover Ratio from them. The date of the prepayment of the Relevant Loans is still to be confirmed.

In addition, we are aware that non-compliance with covenants under the Relevant Loans may trigger certain cross-acceleration, or cross-default or mandatory prepayment provisions under our other indebtedness. Our total borrowings, including both current and non-current borrowings, as of June 30, 2021 were approximately HK\$87.9 billion. As at the date of this Offering Circular, we have not received any objection from the lender banks of the Relevant Loans concerning our Interest Cover Ratio calculations for the December 31, 2021 testing date. Investors should be aware that if the lender banks of the Relevant loans do not agree with our calculation of Interest Cover Ratio as of the testing date of December 31, 2021, we will fail to comply with Interest Cover Ratio under the Relevant Loans, which may lead to a default of our other existing indebtedness due to the cross-default provisions, which may result in mandatory prepayment. Please refer to *“Risk Factors — If we breach the terms of our loans, bonds and other financings, lenders and bondholders may accelerate such loans, bonds and other financings which could result in significant liquidity problems for us and have a material adverse effect on our business, financial condition and results of operations.”* for more details on this potential risk.

As at the date of this Offering Circular, pending the release of our audited financial statements for the year ended December 31, 2021 and confirming compliance with covenants under the Relevant Loans, we and the Lead Manager will not be able to receive the comfort letters with respect of this Offering Circular as is customary for capital markets transactions of this nature and a waiveable condition precedent to closing.

Dividend payments and bonus issue

We have declared an interim dividend of HK50 cents per share to shareholders whose names appear on the register of members of the Company at the close of business on 15 October 2021. The dividend has been paid on 26 November 2021.

We have proposed to make a bonus issue of one new share for every ten existing shares held by shareholders whose names are on the register of members of the Company at the close of business on 15 October 2021 (“**Bonus Issue**”). The Bonus Issue has been made under the general mandate to issue shares of us granted by the shareholders to the Board by the resolution of the shareholders passed in our annual general meeting held on 11 June 2021. On 26 November 2021, a total of 216,544,892 shares were allotted and issued pursuant to the Bonus Issue.

SUMMARY OF THE OFFERING

The following summary does not purport to be complete and should be read in conjunction with Conditions. It does not contain all the information that is important to investors. For a more complete description of the Bonds, please refer to “Terms and Conditions of the Bonds”. Terms used in this summary and not otherwise defined shall have the meanings given to them in the “Terms and Conditions of the Bonds”.

Issuer	Hopson Development Holdings Limited 合生創展集團有限公司 (the “ Issuer ”).
Issue	US\$250,000,000 in aggregate principal amount of 8.00 per cent. guaranteed convertible bonds due 2023.
Issue Price	100.00 per cent. of the principal amount of the Bonds.
Global Coordinator and Bookrunner	The Hongkong and Shanghai Banking Corporation Limited
Issue Date	10 January 2022.
Maturity Date	6 January 2023.
Form and Denomination	The Bonds will be issued in registered form in the denomination of US\$200,000 each and integral multiples of US\$1,000 in excess thereof.
Bond Guarantees	The Issuer’s obligations under the Bonds and the Trust Deed will be guaranteed by the Initial Subsidiary Guarantors (as defined in the Conditions) and each future subsidiary that guarantees (a) the 2022 Notes (as defined in the Conditions) or the 2023 Notes (as defined in the Conditions) (including the Refinancing Indebtedness (as defined in the Conditions)) and/or (b) any Relevant Indebtedness.
Negative Pledge	So long as any of the Bonds remains outstanding (as defined in the Trust Deed) or any amount is due under or in respect of any Bond or otherwise under the Trust Deed, it will not, and will procure that none of its Restricted Subsidiaries (as defined in the Conditions) will, incur, assume or permit to exist any Encumbrance (as defined in the Conditions) of any nature whatsoever on (a) any of its assets or properties of any kind, whether owned at the Issue Date or thereafter acquired or (b) the Capital Stock of any Subsidiary Guarantor to secure any Relevant Indebtedness of the Issuer or any Restricted Subsidiary or to secure any guarantee of or indemnity in respect of any such Relevant Indebtedness unless: (i) the Relevant Indebtedness secured by such Encumbrance is subordinated in right of payment to the Bonds;

- (ii) such Encumbrance is created to refinance existing secured indebtedness, provided that such Encumbrances do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary other than the property or assets securing the indebtedness being refinanced; or
- (iii) at the same time or prior thereto, the Issuer's obligations under the Bonds and the Subsidiary Guarantors' obligations under the Bond Guarantees are secured equally and rateably with the obligations so secured until such time as such other obligations are no longer secured by an Encumbrance or, at the option of the Issuer by such other security as the Bondholders by Extraordinary Resolution may approve.

Conversion Period Subject to and upon compliance with, the provisions of the Condition, the Conversion Right (as defined in the Conditions) attaching to any Bond may be exercised, at the option of the holder thereof only between 20 December 2022 to 21 December 2022 (both dates inclusive) and up to the close of business (at the place where the bond certificate evidencing such Bond is deposited for conversion) of 21 December 2022 but, except as provided in Condition 6(A)(iv), in no event thereafter or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then only on the day and up to the close of business of that day that is 10 business days (in the place aforesaid) prior to the date fixed for redemption thereof or if notice of a Relevant Event has been given by the Issuer pursuant to Condition 8(D) or if the Offer to Purchase has been made by the Issuer provided in Condition 4(B) then only on the business day and up to the close of business of that day (at the place aforesaid) prior to the Bondholder Put Expiration Date (as defined in the Conditions) or the Repurchase Offer Expiration Date (as defined in the Conditions).

If more than one Bond held by the same holder is converted at any time by the same holder, the number of Shares to be issued upon such conversion will be calculated in accordance with the Net Share Settlement Mechanism on the basis of the aggregate principal amount of the Bonds to be converted by such holder.

Initial Conversion Price The Initial Conversion Price is HK\$20.16 per Share, and subject to adjustment in the manner provided in Condition 6(C) as described in the "*Terms and Conditions of the Bonds*", provided that no adjustment shall cause the Initial Conversion Price per Share to fall below the par value of such Share.

Net Share Settlement Mechanism The Issuer shall satisfy the exercise of Conversion Rights relating to any Bonds by paying to the relevant Bondholder the Cash Conversion Amount and delivering to the relevant Bondholder the Net Shares in the manner provided in Condition 6(B)(vi) as described in the "*Terms and Conditions of the Bonds*".

Conversion Price Reset	On the relevant Reset Date (as defined in the Conditions), if the Average Market Price (as defined in the Conditions) is less than HK\$19.28 per Share, the Conversion Price shall be adjusted on the relevant Reset Date itself in the manner provided in Condition 6(E) as described in the “ <i>Terms and Conditions of the Bonds</i> ”.
Final Redemption	Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 100.00% of its principal amount together with accrued and unpaid interest thereon on the Maturity Date.
Redemption for Taxation Reasons	At any time the Issuer may, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (a “ Tax Redemption Notice ”) (which notice shall be irrevocable) redeem the Bonds in whole but not in part if (i) the Issuer (or if the Bonds Guarantees were called, any Subsidiary Guarantor) has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) in Hong Kong or Bermuda or any jurisdiction in which the Issuer or any Subsidiary Guarantor, as the case may be, is organised or resident for tax purposes or engaged in business for tax purposes or any authority thereof or therein having power to tax or through which payment by or on behalf of the Issuer or a Subsidiary Guarantor is made or any political subdivision or taxing authority thereof or therein (a “ Relevant Tax Jurisdiction ”), or any change in the existing 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 (a) with respect to the Issuer or any Subsidiary Guarantor, on or after 8 December 2021 or, (b) in the case of a future Subsidiary Guarantor that is organised or resident for tax purposes in a jurisdiction that is not a Relevant Tax Jurisdiction as of the Issue Date, on or after the date such Subsidiary became a Subsidiary Guarantor, and (ii) the Issuer or such Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Tax Amounts with respect to any payment due or to become due under the Bonds or the Trust Deed and such requirement cannot be avoided by taking reasonable measures by the Issuer or such Subsidiary Guarantor, as the case may be (provided that changing the jurisdiction of the Issuer or such Subsidiary Guarantor, as the case may be, is not a reasonable measure), provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer or such Subsidiary Guarantor, as the case may be, would be obliged to pay such Additional Tax Amounts in respect of the Bonds then due.

Redemption at the Option of the Issuer The Issuer may on giving not less than 30 nor more than 60 days' notice to the Bondholders and the Trustee at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at a redemption price equal to their principal amount together with interest accrued to but excluding the date fixed for redemption **provided** that prior to the date of such notice at least 90% in principal amount of the Bonds originally issued (including any further bonds issued pursuant to Condition 15 and consolidated and forming a single series with the Bonds) has already been converted, redeemed or purchased and cancelled.

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

Redemption for Delisting In the event (i) the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange; or (ii) there is a Free Float Event (as defined below), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only (subject to the principal amount of such holder's Bonds redeemed and the principal amount of the balance of such holder's Bonds not redeemed being an Authorised Denomination) of such holder's Bonds on the Relevant Event Redemption Date at a redemption price equal to their principal amount together with interest accrued to but excluding the Relevant Event Redemption Date.

A "**Free Float Event**" occurs on the first date on which less than 25 per cent. of the Issuer's total number of issued shares are held by the public, provided that if following the occurrence of any Free Float Event, at least 25 per cent. of the Issuer's total number of issued shares are held by the public on any day following the date of occurrence of such Free Float Event (the "**Reference Date**" in respect of such Free Float Event), a further Free Float Event may subsequently occur on the first date (falling after the Reference Date in respect of such Free Float Event) on which less than 25 per cent. of Issuer's total number of issued shares are held by the public.

Issuer and Shareholders

Lock-up

Each of the Issuer and the Subsidiary Guarantors has agreed in the Subscription Agreement that none of the Issuer, the Subsidiary Guarantors nor any person acting on behalf of any of them will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Lead Manager between the date of the Subscription Agreement and the date which is 90 calendar days after the Issue Date except for the Bonds and the Shares issued on conversion of the Bonds.

SOUNDA PROPERTIES LIMITED 新達置業有限公司 and FARRICH INVESTMENTS LIMITED 遠富投資有限公司 have separately executed lock-up undertakings whereby they undertake not to sell Shares or enter into other transactions with a similar effect for a period between the date of the Subscription Agreement and the date which is 90 calendar days after the Issue Date. The lock-up undertaking by SOUNDA PROPERTIES LIMITED 新達置業有限公司 shall be in respect of 1,276,400,189 Shares, representing approximately 53.59 per cent. of the Shares. The lock-up undertaking by FARRICH INVESTMENTS LIMITED 遠富投資有限公司 shall be in respect of 434,771,287 Shares, representing approximately 18.25 per cent. of the Shares.

Events of Default

For a description of certain events of default that will permit the Bonds to become immediately due and repayable at their principal amount, see “*Terms and Conditions of the Bonds — Events of Default*”.

Clearing Systems

The Bonds will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on or about 10 January 2022 with a common depository for, Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

Governing Law	English law.
Trustee	The Hongkong and Shanghai Banking Corporation Limited
Principal Agent	The Hongkong and Shanghai Banking Corporation Limited
Registrar and Transfer Agent ...	The Hongkong and Shanghai Banking Corporation Limited
Listing	Application has been made to Hong Kong Stock Exchange for (i) the listing of and permission to deal in, the Bonds by way of debt issues to Professional Investors only; and (ii) the listing of, and permission to deal in, the Shares issuable on conversion, and such permissions are expected to become effective on 11 January 2022 and when such Shares are issued, respectively.
Use of Proceeds	See section entitled “ <i>Use of Proceeds</i> ”.
Selling Restrictions	There are certain restrictions on the offer, sale and transfer of the Bonds and the Shares to be issued upon conversion of the Bonds in certain jurisdictions including the United States and Hong Kong. For a description of the restrictions on the distribution of this Offering Circular or any offering material and the issue, sale or delivery of the Bonds and the New Shares, see “ <i>Selling Restrictions</i> ”.
ISIN	XS2420034113.
Common Code	242003411.
Legal Entity Identifier	549300HYMKPTC1DTZS42.

SUMMARY CONSOLIDATED FINANCIAL AND CERTAIN OPERATING DATA

You should read the following summary financial information and other data together with the financial statements and related Notes incorporated by reference in this Offering Circular.

We have derived the following summary financial information from our audited consolidated financial statements as of and for the years ended December 31, 2019 and 2020 and unaudited interim consolidated financial statements as of and for the six months ended June 30, 2021. In preparing the audited consolidated financial statements for the years ended December 31, 2019 and 2020 and unaudited interim consolidated financial statements as of and for the six months ended June 30, 2021, the Group has adopted HKFRS 16 with effect from January 1, 2019 and has not restated prior years' consolidated financial statements. Therefore, the audited consolidated financial statements for the year ended December 31, 2019 and 2020 are not comparable with the consolidated financial statements for the year ended December 31, 2018. For the impact of the adoption of HKFRS 16, please refer to Note 2.2 to the audited consolidated financial statements as of and for the year ended December 31, 2019.

SUMMARY CONSOLIDATED INCOME STATEMENTS AND OTHER FINANCIAL DATA

	For the Year ended December 31,				For the six months ended June 30,		
	2018	2019	2020		2020	2021	
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
					(unaudited)	(unaudited)	(unaudited)
					(unaudited)	(unaudited)	(unaudited)
					(in thousands, except for percentage)		
Revenues	13,293,532	18,600,580	34,371,276	4,433,059	10,736,681	16,074,329	2,069,887
Cost of sales	(6,765,596)	(9,237,436)	(12,539,531)	(1,617,294)	(3,590,845)	(5,949,442)	(766,108)
Gross profit	6,527,936	9,363,144	21,831,745	2,815,765	7,145,836	10,124,887	1,303,779
Fair value gains on investment properties	4,673,345	8,175,781	763,689	98,497	478,377	24,691	3,179
Other gains, net	161,935	285,329	1,486,474	191,719	611,535	83,278	10,724
Selling and marketing expenses	(378,153)	(736,887)	(963,174)	(124,226)	(299,906)	(421,555)	(54,284)
General and administrative expenses	(1,581,856)	(1,831,815)	(2,988,358)	(385,425)	(888,530)	(1,932,397)	(248,834)
Finance income	173,949	394,311	240,342	30,998	153,433	204,956	26,392
Finance costs	(578,319)	(1,002,439)	(1,768,581)	(228,104)	(606,994)	(1,302,207)	(167,685)
Share of profit/(loss) of associates	1,637	(4,562)	903	116	(20)	81,231	10,460
Share of profit/(loss) of joint ventures	(6,152)	119,113	37,320	4,813	13,084	44,240	5,697
Profit before taxation	8,994,322	14,761,975	18,640,360	2,404,153	6,606,815	6,907,124	889,429
Taxation	(3,171,723)	(5,111,585)	(4,952,283)	(638,724)	(1,491,486)	(1,231,870)	(158,628)
Profit for the year	5,822,599	9,650,390	13,688,077	1,765,429	5,115,329	5,675,254	730,801
Attributable to:							
Equity holders of the company	5,775,467	9,486,000	13,633,830	1,758,432	5,101,795	5,631,617	725,182
Non-controlling interests	47,132	164,390	54,247	6,997	13,534	43,637	5,619
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Assets revaluation reserve realised upon disposal of Properties held for sale	(87,746)	(87,079)	(118,340)	(15,263)	(85,843)	(30,047)	(3,869)
Deferred tax	33,081	40,341	54,823	7,071	37,640	14,609	1,881
Currency translation difference	(3,205,050)	(1,535,553)	4,023,028	518,873	(1,563,710)	770,668	99,239
Items that will not be reclassified subsequently to profit or loss:							
Fair value gain/(loss) on financial assets at fair value through other comprehensive income	(273,347)	(539,540)	588,374	75,886	(76,167)	506,843	65,266
Deferred tax	68,337	139,392	(143,782)	(18,544)	22,661	(129,678)	(16,699)
Currency translation differences	-	-	382,998	36,500	-	273,649	35,238
Other comprehensive income/(loss) for the year, net of tax	(3,464,725)	(1,982,439)	4,787,101	617,420	(1,665,419)	1,406,044	181,056
Total comprehensive income for the year	2,357,874	7,667,951	18,475,178	2,382,849	3,449,910	7,081,298	911,857
Attributable to:							
Equity holders of the company	2,410,104	7,553,435	18,037,933	2,326,455	3,485,226	6,879,735	885,902
Non-controlling interests	(52,230)	114,516	437,245	56,394	(35,316)	201,563	25,955
Other data:							
EBITDA ⁽¹⁾	4,803,423	7,182,036	18,214,968	2,349,288	6,123,292	8,052,765	1,036,952
EBITDA margin ⁽²⁾	36.1%	38.6%	53.0%	53.0%	57.0%	50.1%	50.1%

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATA

	As of December 31,				As of June 30,	
	2018	2019	2020		2021	
	HK\$	HK\$	HK\$	US\$	HK\$	US\$
	(in thousands)				(unaudited)	
ASSETS						
Non-current assets						
Land costs	1,675,097	–	–	–	–	–
Prepayments for acquisition of land . .	121,411	118,758	126,397	16,302	127,849	16,463
Prepayments for construction work . . .	–	244,107	–	–	–	–
Loan receivables	743,201	170,801	321,591	41,477	778,769	100,282
Properties and equipment	4,571,452	4,976,880	4,245,066	547,510	4,413,210	568,288
Investment properties	46,856,835	56,961,529	61,396,797	7,918,693	62,563,696	8,056,310
Goodwill	35,249	34,534	389,577	50,246	395,219	50,892
Investments in associates	147,668	364,855	114,847	14,812	1,646,682	212,043
Investments in joint ventures	7,514,062	5,059,567	11,479,966	1,480,636	12,071,881	1,554,493
Financial assets at fair value through other comprehensive income	3,144,258	3,337,773	6,143,202	792,324	4,103,487	528,405
Financial assets at fair value through profit or loss	35,000	–	–	–	1,667,283	214,696
Right-of-use assets	–	1,634,045	1,627,933	209,964	1,669,816	215,022
Finance lease receivables	159,828	344,656	248,298	32,024	212,167	27,321
Prepayments, deposits and other non-current assets	–	–	1,170,643	150,987	465,828	59,985
Deferred tax assets	784,147	1,309,259	1,342,998	173,214	1,485,718	191,316
Total non-current assets	65,788,208	74,556,764	88,607,315	11,428,189	91,601,605	11,795,514
Current assets						
Prepayments for acquisition of land . .	9,403,647	10,767,194	30,105,213	3,882,840	30,835,261	3,970,648
Properties under development for sale .	41,237,995	57,047,059	69,159,635	8,919,911	74,797,764	9,631,688
Completed properties for sale	30,299,744	31,260,655	45,041,301	5,809,232	45,721,912	5,887,598
Financial assets at fair value through profit or loss	775,943	788,403	22,020,697	2,840,134	27,120,195	3,492,260
Accounts receivable	784,882	1,058,081	2,622,871	338,287	3,254,655	419,101
Loan receivables	1,983,693	2,520,879	2,657,587	342,764	3,623,468	466,593
Prepayments, deposits and other current assets	5,370,900	8,060,451	9,023,528	1,163,816	10,834,036	1,395,096
Due from a joint venture	45,112	48,845	91,843	11,846	283,032	36,446
Due from associates	201	58,964	5,941	766	372,563	47,975
Due from related companies	7,149	8,318	246,111	31,742	246,158	31,698
Contract assets	473,606	982,860	1,639,200	211,417	1,813,969	233,584
Pledged/charged bank deposits	483,182	1,466,913	1,741,508	224,612	3,094,291	398,451
Cash and cash equivalents	7,456,708	12,635,125	27,908,584	3,599,528	39,760,721	5,119,977
Total current assets	98,322,762	126,703,747	212,264,019	27,376,895	241,758,025	31,131,117
Assets classified as held for sale	–	2,843,132	–	–	–	–
Total assets	164,110,970	204,103,643	300,871,334	38,805,084	333,359,630	42,926,631
EQUITY						
Capital and reserves attributable to the Company's equity holders						
Share capital	222,556	222,556	219,137	28,263	217,870	28,055
Reserves	65,472,354	72,358,121	87,792,832	11,323,140	91,907,137	11,834,858
Non-controlling interests	2,078,725	2,434,725	9,856,187	1,271,208	17,792,419	2,291,125
Total equity	67,773,635	75,015,402	97,868,156	12,622,611	109,917,426	14,154,038

	As of December 31,				As of June 30,	
	2018	2019	2020		2021	
	HK\$	HK\$	HK\$	US\$	HK\$	US\$
			(unaudited)		(unaudited)	
	(in thousands)					
LIABILITIES						
Non-current liabilities						
Land cost payable	88,310	91,043	96,280	12,418	97,249	12,523
Borrowings	41,656,532	50,700,558	89,681,292	11,566,705	87,920,682	11,321,523
Lease liabilities	–	676,246	649,999	83,834	612,468	78,867
Due to non-controlling interests	514,605	2,126,867	6,833,733	881,385	3,787,556	487,723
Deferred tax liabilities	8,323,506	9,957,093	10,757,987	1,387,519	10,721,497	1,380,604
Total non-current liabilities	50,582,953	63,551,807	108,019,291	13,931,861	103,139,452	13,281,240
Current liabilities						
Accounts payable	9,060,317	14,019,440	18,580,500	2,396,433	23,413,693	3,014,975
Land cost payable	4,996	359,201	–	–	–	–
Borrowings	13,444,611	12,689,322	17,856,427	2,303,045	27,505,151	3,541,831
Margin loans payable	–	–	9,163,844	1,181,913	10,170,154	1,309,608
Contract liabilities	10,304,371	19,505,008	25,940,333	3,345,672	34,498,895	4,442,414
Accruals and other payables	4,882,186	8,951,408	13,930,972	1,796,757	12,998,505	1,673,814
Lease liabilities	–	8,419	64,541	8,324	150,302	19,354
Due to an associate	6,299	5,964	6,348	819	417,405	53,749
Due to related companies	260,654	366,248	212,001	27,343	232,561	29,947
Due to joint ventures	2,773,349	3,011,241	1,416,623	182,710	1,569,290	202,077
Current tax liabilities	5,017,599	6,620,183	7,812,298	1,007,596	6,950,231	894,979
Total current liabilities	45,754,382	65,536,434	94,983,887	12,250,612	120,302,752	15,491,353
Total liabilities	96,337,335	129,088,241	203,003,178	26,182,473	223,442,204	28,772,593
Total equity and liabilities	164,110,970	204,103,643	300,871,334	38,805,084	333,359,630	42,926,631

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOW DATA

	For the Year ended December 31,				For the six months ended June 30,		
	2018	2019	2020		2020	2021	
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited)						
	(in thousands)						
Net cash (used in)/generated from							
operating activities	5,536,477	3,093,586	(30,553,252)	(3,940,626)	(28,945,443)	8,065,320	1,038,569
Net cash used in investing activities	(3,098,780)	(4,072,943)	(4,981,327)	(642,470)	(5,891)	(4,917,723)	(633,254)
Net cash generated from/(used in)							
financing activities	(75,500)	6,379,784	49,544,650	6,390,055	31,956,042	8,318,026	1,071,110
Net increase in cash and cash							
equivalents	2,362,197	5,400,427	14,010,071	1,806,958	3,004,708	11,465,623	1,476,425
Exchange difference on cash and							
cash equivalents	(302,479)	(222,010)	1,263,388	162,946	(273,327)	386,514	49,771
Cash and cash equivalents at the							
beginning of the year	5,396,990	7,456,708	12,635,125	1,629,624	(273,327)	386,514	49,771
Cash and cash equivalents at the							
end of the year	7,456,708	12,635,125	27,908,584	3,599,528	15,366,506	39,760,721	5,119,977

- (1) EBITDA for any period is calculated as profit, adding back taxation, finance costs, depreciation of properties and equipment, amortization of land costs and goodwill impairment, and subtracting fair value gains on investment properties, other gains and finance income. EBITDA is not a standard measure under HKFRS. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as selling and distribution costs and the amount by which EBITDA exceeds capital expenditures and other charges. We have included EBITDA because we believe it is a useful supplement to cash flow data as a measure of our performance and our ability to generate cash flow from operations to service debt and pay taxes. EBITDA presented in this Offering Circular may not be comparable to similarly titled measures presented by other companies. You should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition. The following table reconciles our EBITDA to our profit for the year, which is the most directly comparable HKFRS measure:

	For the Year ended December 31,				For the six months ended June 30,		
	2018	2019	2020		2020	2021	
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited) (unaudited)						
	(in thousands, except for percentage)						
Profit for the year	5,822,599	9,650,390	13,688,077	1,765,429	5,115,329	5,675,254	730,801
Adjustments:							
Add:							
Taxation	3,171,723	5,111,585	4,952,283	638,724	1,491,486	1,231,870	158,628
Finance costs	578,319	1,002,439	1,768,581	228,104	606,994	1,302,207	167,685
Depreciation of							
properties and							
equipment	183,244	196,456	241,787	31,185	117,970	109,852	14,146
Depreciation of							
right-of-use assets	–	76,587	54,745	7,061	34,858	46,507	5,989
Amortization of land							
costs	56,767	–	–	–	–	–	–
Less:							
Fair value gains on							
investment properties	4,673,345	8,175,781	763,689	98,497	478,377	24,691	3,179
Other gains, net	161,935	285,329	1,486,474	191,719	611,535	83,278	10,724
Finance income	173,949	394,311	240,342	30,998	153,433	204,956	26,392
EBITDA	4,803,423	7,182,036	18,214,968	2,349,288	6,123,292	8,052,765	1,036,952

- (2) EBITDA margin is calculated by dividing EBITDA by revenues.

RISK FACTORS

Any investment in the Bonds is subject to a number of risks. Prior to investing in the Bonds, prospective investors should carefully consider risk factors associated with any investment in the Bonds, our business and the industries in which we operate together with all other information contained in this Offering Circular, including, in particular the risk factors described below. Words and expressions defined in the “Terms and Conditions of the Bonds” or elsewhere in this Offering Circular have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Bonds and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Issuer or the Subsidiary Guarantors or that they currently deem immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer or the Subsidiary Guarantors and, if any such risk should occur, the price of the Bonds may decline and investors could lose all or a part of their investment. Investors should consider carefully whether an investment in the Bonds is suitable for them in light of the information in this Offering Circular and their personal circumstances.

RISKS RELATING TO OUR BUSINESS

Our business is subject to extensive governmental regulation and the macroeconomic control measures implemented by the PRC government from time to time, particularly in the real estate sector.

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

For example, the PRC government has announced a series of measures designed to stabilize the PRC economy and cool down the property market. On April 17, 2010, the PRC government identified certain policy measures to increase down payments for properties purchased with mortgage loans. On May 19, 2010, the PRC government issued policies to strengthen the settlement of the Land Appreciation Tax (“LAT”). On May 26, 2010, a stricter standard was adopted to assess whether a house to be bought is a second home when granting mortgage loans. On September 21, 2010, the Ministry of Land and Resources (“MLR”, the predecessor of the Ministry of Natural Resources) and the Ministry of Housing and Urban-Rural Development (“MOHURD”) jointly issued a Notice on Further Strengthening Control and Regulation of Land and Construction of Property Development. During the period between October 2010 and July 2011, the People’s Bank of China (“PBOC”) raised the benchmark one-year deposit and lending rates five times, each time by 25 basis points. In January 2011, the PRC government adopted certain new policies to cool down the real estate property market, including increasing the minimum down payment to at least 60% of the total purchase price for second-house purchases and a minimum mortgage interest rate of at least 110% of the benchmark lending rate. In February 2013, the General Office of the State Council published the Notice on Continuing to Strengthen Control and Regulation on Real Estate Market, which put forward further requirements for improving the responsibility system for stabilizing housing prices, curbing speculative investment on houses, increasing the supply of ordinary commercial housing and land, strengthening market supervision and anticipation management, and accelerating the establishment

and improvement of long-term mechanisms to guide the healthy development of the real estate market. According to the Notice on Further Strengthening Control and Regulation of Housing Financing Policies jointly issued by the PBOC and China Banking and Insurance Regulatory Commission (“CBIRC”) in September 2014, the minimum payment ratio for the first purchase of houses is 30% (which has been raised to 40% in 2015 under certain circumstances), and the lower limit of the loan interest rate is 0.7 times the benchmark loan interest rate; meanwhile, banks are required to shorten the loan approval cycle and reasonably determine the loan interest rate. In December 2016, the government officially announced the principle that “houses are for living in, not for speculating with.” Since late 2016, in order to further cool down the property market, the PRC government extended home purchase restrictions to “hotspot cities”, the number of which has increased from 16 to 65 in less than two years. In addition, financial regulators have rolled out nationwide measures to restrict developers’ access to financing through the state banks and via the stock and bond markets. These measures may limit our access to capital resources, reduce market demand for our products and increase our operating costs in complying with these measures.

Many of the property industry policies carried out by the PRC government are unprecedented and are expected to be amended and revised over time. Other political, economic and social factors may also lead to further adjustments and changes of such policies. The PRC government could adopt additional and more stringent industry policies, regulations and measures in the future, which could further slow down property development in China. 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 disrupt our business, reduce our sales or average selling prices, or cause us to incur additional costs, our business prospects, results of operations and financial condition may be materially and adversely affected.

The PRC property market has been cyclical and our property development activities are susceptible to significant fluctuations.

Historically, the PRC property market has been cyclical. The rapid expansion of the property market in certain major cities in the PRC, including Guangzhou, Beijing and Shanghai, in the early 1990s culminated in an oversupply in the mid-1990s and a corresponding fall in property values and rentals in the second half of the decade. Since the late 1990s, private residential property prices and the number of residential property development projects have gradually increased in major cities as a result of an increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC cities such as Guangzhou, Beijing and Shanghai have experienced rapid and significant growth. In recent years, however, property over-supply is an increasing risk in certain parts of China, where property investment, trading and speculation have become overly active. In the event of actual or perceived over-supply, together with the effect of the PRC government policies to curtail the overheating of the property market, property prices may fall significantly and our revenue and results of operations would be adversely affected. We cannot assure you that the problems of over-supply and falling property prices that occurred in the mid-1990s will not recur in the PRC property market and the recurrence of such problems could adversely affect our business and financial condition.

The cyclical property market in the PRC affects the optimal timing for both the acquisition of sites and the sale of completed development properties. This cyclicity, combined with the lead time required for the completion of projects and the sale of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from year to year.

To the extent that supply in the overall property market significantly exceeds demand, we may be subject to significant downturns and disruptions in the market for a sustained period. Alternatively, if a serious downturn in regional or global market conditions should occur, this may seriously affect and disrupt the property market in the PRC. If any of these events were to occur, our financial condition and results of operations would be materially and adversely affected.

We are heavily dependent on the performance of the property market in the PRC, particularly in the Pearl River Delta Economic Zone, the Huanbohai Economic Zone and the Yangtze River Delta Economic Zone.

Our business and prospects depend on the performance of the PRC property market. Any housing market downturns in China generally or in the regions where we have property developments could adversely affect our business, financial condition and results of operations. Our property developments currently are largely located in the Pearl River Delta Economic Zone, the Huanbohai Economic Zone and the Yangtze River Delta Economic Zone. As of June 30, 2021, we had developed or were developing 42 projects in the Pearl River Delta Economic Zone, 33 projects in the Huanbohai Economic Zone and 23 projects in the Yangtze River Delta Economic Zone. Although we have been pursuing further business opportunities in other locations in the PRC, we intend to maintain our focus on the property market in the Pearl River Delta Economic Zone, the Huanbohai Economic Zone and the Yangtze River Delta Economic Zone, particularly in Guangzhou, Beijing, Tianjin and Shanghai, the core cities in which we focus. As such, our business is and may continue to be heavily dependent on the continued growth of the property market in the Pearl River Delta Economic Zone, the Huanbohai Economic Zone and the Yangtze River Delta Economic Zone, and any adverse developments in the supply and demand or in property prices in these areas would have a material adverse effect on our results of operations and financial condition.

Demand for private residential properties in the PRC, including in the Pearl River Delta Economic Zone, the Huanbohai Economic Zone and the Yangtze River Delta Economic Zone, has experienced rapid growth in the last decade but such growth is often coupled with volatility in market conditions and fluctuations in property prices. We cannot assure you that property development and investment activities will continue at past levels or that we will be able to benefit from the future growth in the property market in the Pearl River Delta Economic Zone, the Huanbohai Economic Zone and the Yangtze River Delta Economic Zone or the PRC. In addition, volatility in market conditions and fluctuations in property prices and demand for properties have been affected and will continue to be affected by the macroeconomic control measures adopted by the PRC government as well as other economic, social and political factors that are outside of our control. Any adverse developments in national and local economic conditions as measured by such factors as GDP growth, employment levels, job growth, consumer confidence, interest rates and population growth in the PRC, particularly in the regions where our projects are located, may reduce demand and depress prices for our products and services and would have a material adverse effect on our business, financial condition and results of operations.

The global economic slowdown, crisis in global financial markets and volatility of property prices have negatively affected, and may continue to negatively affect, our results of operations, business and our ability to obtain necessary financing for our operations.

The global economic slowdown, crisis in global financial markets, including the recent economic turmoil in Europe, and volatility of property prices have had a negative impact on the PRC economy, which in turn has affected the PRC property market. For example:

- the slowdown in economic growth and tightened credit have resulted in a lower demand for residential and commercial properties and declining property prices, which in turn have affected our turnover and profit margin;
- the slowdown in economic growth has adversely impacted home owners and potential property purchasers, which may lead to a further decline in the general demand for property products and a further erosion of their selling prices;
- weak economic conditions have also affected the ability and speed of property developers in commencing new development projects or expanding existing projects; and
- the tightening of credit has negatively impacted the ability of property developers and potential property purchasers to obtain financing.

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, it expects to remain relatively high inflation rate in the future. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In the Middle East, political unrest in various countries has resulted in economic instability and uncertainty. China's economic growth may continue to slow down. 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 materially and adversely affected.

If we breach the terms of our loans, bonds and other financings, lenders and bondholders may accelerate such loans, bonds and other financings which could result in significant liquidity problems for us and have a material adverse effect on our business, financial condition and results of operations.

Certain of our loan and facility agreements require us to comply with certain financial covenants including the maintenance of certain current and leverage ratios. The ratios are tested semi-annually based on our audited year-end financial statements contained in our published year-end financial reports and reviewed half-year financial statements contained in our published interim financial reports respectively. Calculations of certain financial ratios are also subject to valuation policies of third-party valuers and certain assumptions made by such third-party valuers.

The Relevant Loans include a covenant that we must keep an Interest Cover Ratio, a ratio of consolidated EBITDA to consolidated interest expenses, of no less than 2.5, and the calculation of the Interest Cover Ratio involves the calculation of our consolidated EBITDA. Historically, a significant part of our profit before taxation is derived from increases in fair value gains on investment properties, and not solely from revenue received from sales of, or leasing of, our properties. The amount of fair value on investment properties has been, and continues to be, subject to market fluctuations, which is beyond our control. In addition, our estimate of fair value is based on our preliminary internal information and the valuation policies and assumptions adopted by third-party valuers. In addition, if there is any significant decrease in the fair value of our investment properties as of December 31, 2021, it will have negative impact on our year-end consolidated profits for the year ended December 31, 2021. As a result, we may fail to meet the Interest Cover Ratio covenant under the Relevant Loans.

If our earnings and other financial indicators are weak or if we continue to have high levels of bank borrowings, we may not be able to meet the financial ratios in our loan and facility agreements. We cannot assure you that in such circumstances we would be able to obtain waivers from our lenders for any future non-compliance with the covenants in any of our loan agreements. Furthermore, some of our indebtedness, including our offshore U.S. denominated dollar notes and some of our domestic or offshore bank loans contain cross-acceleration, cross default and/or mandatory prepayment provisions. As a result, a default under one indebtedness may cause the acceleration of repayment or mandatory prepayment of other outstanding indebtedness and/or restrictions under such indebtedness as well. In such circumstances, we cannot assure you that our refinancing efforts would be successful or timely or that we could secure additional financing on acceptable terms, or at all. If we fail to maintain sufficient cash flows to service our indebtedness or our refinancing efforts are unsuccessful, our liquidity, business, and financial condition will be materially and adversely affected.

We have substantial indebtedness and may incur substantial additional indebtedness. We are subject to refinancing risks associated with our existing indebtedness, which would affect our ability to satisfy our obligations under the Bonds and other debt.

We now have, and will continue to have after the offering of the Bonds, a substantial amount of indebtedness. Our total borrowings, including both current and non-current borrowings, as of December 31, 2018, 2019 and 2020 and June 30, 2021 were HK\$55,101.1 million, HK\$63,389.9 million and HK\$107,537.7 million (US\$13,847.6 million) and HK\$115,425.8 million (US\$14,863.3 million), respectively. In particular, approximately HK\$27,505.2 million (US\$3,541.8 million) of our total borrowings as of June 30, 2021 will be due within one year or on demand, representing approximately 23.8% of our total borrowings as of June 30, 2021. Our substantial indebtedness could have important consequences to you. For example, it could:

- limit our ability to satisfy our obligations under the Bonds and other debt in the event we are unable to refinance all or a portion of our debt on or before maturity;
- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and for other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- limit, along with the financial and other restrictive covenants of our indebtedness, our ability to borrow additional funds; and
- increase the cost of additional financing.

We are subject to refinancing risks with respect to our existing indebtedness, in particular, our short-term borrowings due within one year. Our ability to refinance our short-term borrowings may be materially and adversely affected if, for example, our contract sales fail to grow as expected or we are unable to negotiate new bank loans on favorable terms or at all. If we are unable to refinance any of our existing debt, it could materially and adversely affect our ability to satisfy our obligations under the Bonds and our other debt. We can give no assurances that we will be able to refinance our existing indebtedness on or before maturity on favorable terms or at all.

Further our cash flows and results of operations of our operating subsidiaries will affect our liquidity and our ability to service our indebtedness. We cannot assure you that we will be able to continue to generate and maintain sufficient cash flows to service our indebtedness. If we are unable to make scheduled payments in connection with our debts and other fixed payment obligations as they become due, we may need to refinance such obligations or obtain additional financing. Furthermore, some of our indebtedness, including our offshore U.S. denominated dollar notes and some of our domestic or offshore bank loans contain cross-acceleration or cross-default provisions. As a result, our default under one indebtedness may cause the acceleration of repayment or trigger a default of not only such indebtedness but also other outstanding indebtedness and/or restrictions under the other loan instruments as well. We cannot assure you that our refinancing efforts would be successful or timely or that we could secure additional financing on acceptable terms, or at all. If we fail to maintain sufficient cash flows to service our indebtedness or our refinancing efforts are unsuccessful, our liquidity, business, and financial condition will be materially and adversely affected.

We may from time to time incur substantial additional indebtedness and contingent liabilities. If we or our subsidiaries incur additional debt, the risks that we face as a result of our existing indebtedness and leverage could intensify.

To meet our obligations under our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control, which would limit our ability to refinance all or a portion of our indebtedness on or before maturity.

Our ability to make payments on and to refinance our indebtedness, including these Bonds, and to fund planned capital expenditures and project development will depend on our future performance and ability to generate cash. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. As of June 30, 2021, our borrowings from banks and financial institutions amounted to HK\$91,715.9 million (US\$11,810.2 million), approximately 17.7% of which will be due within one year.

Our business might not generate cash flow from operations in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs in time, if at all.

For example, our ability to generate sufficient cash flows may be materially and adversely affected if our contract sales fail to grow as expected. We may need to refinance all or a portion of our indebtedness, including the Bonds, on or before maturity. In particular, a substantial portion of our indebtedness would need to be refinanced in the next twelve months. We might not be able to refinance any of our indebtedness on commercially reasonable terms or at all. If we are unable to service our indebtedness or obtain refinancing on terms acceptable to us, we may be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

Our results of operations may be materially and adversely affected if we fail to obtain, or there are material delays in obtaining, requisite governmental approvals for our property developments.

The PRC property market is heavily regulated by the PRC government. PRC property developers must comply with various requirements mandated by laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In order to develop and complete a property development project, we must obtain various permits, licenses, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including environmental impact assessment approvals, project proposal approvals or filings, land use rights certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. As of the date of this Offering Circular, certain of our project companies are in the process of renewing their business licenses. There can be no assurance that we will not encounter major problems in fulfilling the conditions precedent to the approvals, or that we will be able to adapt ourselves to new laws, regulations or policies that may come into effect from time to time with respect to the property market in general or the particular processes with respect to the granting of the approvals. There may also be delays on the part of the administrative bodies in reviewing our applications and granting approvals. If we fail to obtain the relevant approvals for our property developments, these developments may not proceed on schedule or commence at all, and our business, financial condition and results of operations may be materially and adversely affected.

Changes of the fair value of our investment properties may have a significant impact on our results of operations.

A large part of our profit before taxation was derived from increases in fair value gains on investment properties, and not from revenue received from sales of, or leasing of, our properties. For the years ended December 31, 2018, 2019 and 2020 and six months ended June 30, 2021, we recorded fair value gains on investment properties of HK\$4,673.3 million, HK\$8,175.8 million, HK\$763.7 million (US\$98.3 million) and HK\$24.7 million (US\$3.2 million), representing approximately 52.0%, 55.4%, 4.1% and 0.3% of our profit before taxation, respectively. The fair value gains on our investment properties represent unrealized capital gains and do not change our cash position as long as the relevant investment properties are held by us and, therefore, do not increase our liquidity in spite of the increased profit. The amount of fair value on investment properties has been, and continues to be, subject to market fluctuations. We cannot assure you that changes in market conditions will continue to create fair value gains on our investment properties at the previous levels or at all, or that the fair value of our investment properties will not decrease in the future.

We face a number of development and approval risks associated with the development of properties. Our properties may not be completed according to planned schedules or be completed at all and may not generate the levels of expected revenue or contemplated investment returns.

There are a number of financing, operating and other risks associated with property developments. Projects undertaken by us typically require substantial capital expenditures during the construction phase and usually take many months, sometimes years, before cash proceeds are generated. The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of construction materials, equipment or labor, adverse weather conditions, natural disasters, labor disputes, disputes with subcontractors, accidents, difficulties in obtaining necessary governmental approvals, changes in governmental priorities and other unforeseen circumstances. Any of these circumstances could give rise to construction delays and/or cost overruns.

Construction delays may result in the loss of revenues. Since we outsource all of our construction work to third-party contractors, we rely on our contractors to complete our projects according to the agreed completion schedules and do not exercise any direct control over material sourcing or the construction schedule of our projects. Under our pre-sale contracts, we are liable to the purchasers for default payments if we fail to deliver the completed properties in accordance with the delivery schedule in these contracts, and in the case of a prolonged delay, the purchasers will be entitled to terminate the pre-sale contracts and require a refund of the purchase price in addition to the default payments. In addition, the failure to complete construction according to its specifications may result in liabilities, reduced efficiency and lower financial returns. There can be no assurance that our existing or future projects will be completed on time, or at all, and generate satisfactory returns.

We may not be able to obtain a sufficient number of sites or retain sites suitable for property developments.

We derive the majority of our revenue from the sale of properties that we have developed. This revenue stream is dependent on our ability to complete and sell our property developments. To maintain or grow our business in the future, we will be required to replenish our land reserve with suitable sites for developments. Our ability to identify and acquire a sufficient number of suitable sites is subject to a number of factors that are beyond our control.

The PRC government controls substantially all of the country's land supply and regulates the means by which property developers, including us, obtain land sites for property developments. As a result, the PRC government's land supply policies affect our ability to acquire land use rights for sites we identify and the costs of any acquisition. In May 2002, the PRC government introduced regulations (and later revised in September 2007) to require government departments and agencies to grant state-owned land use rights for residential and/or commercial property development by public tender, auction or listing-for-sale. We are required to go through these processes before we can acquire the land use rights

to desirable sites from the government, which may result in higher land premiums than those we paid in the past. Although these regulations do not prevent privately held land use rights from being traded in the secondary market, the PRC government's policy to grant state-owned land use rights at competitive market prices is likely to increase the acquisition cost of land reserves generally in the PRC. If we fail to acquire sufficient land reserves in a timely manner and at acceptable prices, or at all, our business and prospects, results of operations and financial condition may be materially and adversely affected.

In recent years, the PRC government has adopted a number of initiatives to control the growth of China's high-end residential property sector and to promote the development of more affordable housing. For example:

- one of these initiatives requires the local governments, when approving new residential projects after June 1, 2006, to ensure that at least 70% of their annual land supply (in terms of estimated GFA) consists of units that are less than 90 sq.m. in size;
- in an announcement made on May 30, 2006, MLR has stated that land supply priority shall be given to ordinary commodity houses at middle to low prices and in medium to small sizes (including affordable housing);
- on May 23, 2012, MLR and the National Development and Reform Commission ("NDRC") jointly promulgated the Notice Concerning Implementation of the Catalog for Restricted Land Use Projects (2012 Version) and the Catalog for Prohibited Land Use Projects (2012 Version), which set forth that the plot ratios of residential property projects cannot be lower than 1.0 and that villa and similar types of projects are categorized as prohibited land-use projects. The area of land granted for commodity housing development is limited to 7 hectares in small cities (towns), 14 hectares in medium cities or 20 hectares in large cities;
- on September 21, 2010, MLR and MOHURD issued a notice that requires more than 70% of land used for construction of urban housing to be designated for low-income housing, housing for resettlement of individuals living in shanty towns and small-to-medium-sized ordinary commercial housing, and requires the plot ratio of the planned GFA to the total site area of residential projects must be more than 1 to 1;
- on January 26, 2011, the General Office of the State Council issued a notice to urge the full implementation of the regulations and controlling measures of the real estate market. Such notice aimed to gradually solve the problems with respect to the poor housing conditions of some urban and rural residents, to reinforce the implementation of restrictive measures relating to housing purchases and to promote the stable development of the real estate market in China;
- on February 26, 2013, the General Office of the State Council issued a notice to urge the further strengthening on implementation of the regulations and controlling measures of the real estate market. This notice put forward further requirements for improving the responsibility system for stabilizing housing prices, curbing speculative investment on houses, increasing the supply of ordinary commercial housing and land, strengthening market supervision and anticipation management, and accelerating the establishment and improvement of long-term mechanisms to guide the healthy development of the real estate market;
- on March 27, 2015, MLR and MOHURD issued a notice on optimizing the housing and land supply structure to promote the smooth and healthy development of the real estate market, requiring the reasonable arrangements for the supply of housing and its land supply, the coordination of construction of affordable housing projects and the strengthening of market order and supply supervision; and

- on May 28, 2017, MLR promulgated the measures for the overall planning and management of land use. According to this regulation, various land-use-related planning, such as urban and rural development, regional development, infrastructure construction, industrial development, ecological environment protection, and exploration and development of mineral resources, shall be coordinated and considered under the overall planning of land use.

If we are not able to acquire suitable sites at affordable prices, or at all, or if we are restricted in the types of projects we may pursue at specific sites, our business and prospects, results of operations and financial condition may be materially and adversely affected.

Additionally, the PRC central and local governments have implemented various measures to regulate the means by which property developers obtain land for property development. The PRC government also controls land supply through zoning, land usage regulations and other means.

All these measures further intensify the competition for land in China among property developers. These policy initiatives and other measures adopted by the PRC government from time to time may limit our ability to acquire suitable land for our development or increase land acquisition cost significantly, which may have a material adverse effect on our business, financial condition and results of operations.

The land use rights in respect of our land reserves will not be formally vested in us until we have received the relevant formal land use rights certificates.

Under current PRC land grant policies, the relevant authorities generally will not issue the formal land use rights certificates until the developer has (i) paid the land premium in full, (ii) completed the resettlement process and (iii) is in compliance with other land grant conditions. We have not yet obtained the formal land use rights certificates in respect of some of our properties under development. We are in the normal process of obtaining the land use rights certificates for these properties. Under current land grant policies, we are allowed to commence our development of these properties as soon as we have signed the land grant contracts or registered the land use rights transfer agreements, as the case may be, with the relevant authorities and obtained other required approvals and permits. However, the land use rights in respect of these properties and the land that we may acquire in the future will not be formally vested in us until we have received the corresponding formal land use rights certificates. We may be required to pay land premium and obtain land use rights certificates in the future in respect of the land on which such facilities are located. There can be no assurance that there will not be delays in the authorities' issuance of the formal land use rights certificates in respect of these properties. Any failure or delay in obtaining the formal land use rights certificate will adversely affect our ability to deliver our properties to our customers and may have a material adverse effect on our operations.

Our capital contribution obligations towards some of our project companies are overdue.

While we focus on the development of large-scale residential property projects and typically develop such projects in several phases in three to seven years, we typically obtain upfront project approval for the entire project or a significant portion of the project. Accordingly, such project approvals will typically cover more than one phase and contain fixed capital contribution schedules based on our estimate of the funding needs of the projects under the original development plan for such projects. The funding requirement of the project may change subsequently due to changes in the development plans or market conditions or other factors not originally contemplated by us. In line with industry practice, although we currently have sufficient cash on hand to make the requisite capital contribution to the registered capital of our project companies, we generally seek to delay our contribution if they do not have immediate funding needs or if they are able to finance the projects from other sources of funding, such as bank financing or pre-sale proceeds from previous phases.

Applicable laws and regulations require that project developments be funded based on the original development plan of a project. Although we have delayed the capital contribution obligations for some of our project companies, these project companies have not experienced any significant difficulties in

obtaining the required governmental approvals for the development, construction and pre-sale of their development projects. However, if the relevant governmental authorities begin to enforce the requirement to make timely capital contributions to the registered capital of project companies, there can be no assurance that we will not be subject to an administrative penalty as a result of our delay in contributing to the registered capital of our project companies or have the business license of our project companies be revoked, as a result of which our business, financial condition and results of operations would be materially and adversely affected.

We are subject to legal and business risks if we fail to obtain formal qualification certificates.

Property developers in the PRC must obtain a formal qualification certificate in order to carry out property development business in the PRC. According to the Provisions on Administration of Qualification of Real Estate Developers, newly established developers must first apply for a temporary qualification certificate, which can be renewed for a maximum of two additional one-year periods, by which time a formal qualification certificate must have been issued. Before commencing their business operations, entities engaged in construction, or fitting and decoration are required to obtain qualification certifications in accordance with the Provisions on Administration of Qualification of Construction Enterprises. Property developers in the PRC are required to provide a valid qualification certificate when they apply for a pre-sale permit. 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. Experienced property developers must also apply for renewal of their qualification certificates once every two to three years in most cities, subject to an annual verification by relevant governmental authorities. It is mandatory under government regulations that developers fulfill all statutory requirements before obtaining or renewing their qualification certificates.

All qualification certificates for property developers are subject to renewal on an annual basis. In reviewing an application to renew a qualification certificate, the local authorities take into account a property developer's property development investments, history of property development and quality of property construction, as well as the expertise of the developer's management and whether the developer has any illegal or inappropriate operations. The local authorities generally grant the developers who conduct property development exceeding the qualification grade a grace period to rectify their non-compliance subject to a penalty of between RMB50,000 and RMB100,000. Failure to satisfy the qualification requirements within the specified time frame could result in rejection of the application for renewal of the qualification certificate and revocation of the developer's business license. Each of our project companies renews its qualification certificate annually with the assistance of our headquarters.

We cannot assure you that each of the qualification certificates of our operating project companies will be renewed or extended within the required time frame or that each of our newly established project companies and non-property development related subsidiaries will be able to obtain a valid qualification certificate in a timely manner, or at all. For example, as of the date of this Offering Circular, several of our operating project companies are in the process of renewing their qualification certificates. In addition, several of our subsidiary companies with new projects for future development are in the process of applying for qualification certificates. Furthermore, several of our non-property development related subsidiaries are in the process of obtaining qualification certificates required for their respective operations. If any of our project companies or other non-property development related subsidiaries is unable to obtain or renew their qualification certificates, as applicable, they will not be permitted to engage in or continue their businesses, which could have a material adverse effect on our business and financial condition.

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

Under PRC law, property developers are required to deliver to purchasers the relevant individual property ownership certificates within 90 days after delivery of the property or within a time frame set out in the relevant sale agreement. Property developers, including us, generally elect to specify a deadline for the

delivery of the individual property ownership certificates in the sale agreements to allow sufficient time for the application and approval processes.

Under current regulations, we are required to submit the requisite governmental approvals in connection with our property developments, including land use rights documents and planning and construction permits, to the local bureau of land resources and housing administration within three months after the receipt of the completion and acceptance certificate for the relevant properties and apply for the general property ownership certificate in respect of these properties. We are then required to submit, within a stipulated period after delivery of the properties, the relevant property sale agreements, identification documents of the purchasers, proof of payment of deed tax, together with the general property ownership certificate, for the bureau's review and the issuance of the individual property ownership certificates in respect of the properties purchased by the purchasers. Delays by the various administrative authorities in reviewing the application and granting approval and certain other factors may affect timely delivery of the general and individual property ownership certificates. Therefore, we may not be able to deliver individual property ownership certificates to purchasers on time as a result of delays in the administrative approval processes or for any other reason beyond our control, which may result in us having to pay default payments and, in the case of a prolonged delay, the purchaser terminating the sale agreement. If we become liable to a significant number of purchasers for late delivery of the individual property ownership certificates, our business, financial condition and results of operations may be materially and adversely affected.

No material claim has been brought against us by any purchasers for late application of the individual property ownership certificates on behalf of our customers in the years ended December 31, 2018, 2019 and 2020 and the six months ended June 30, 2021. However, we cannot assure you that we will not become liable to purchasers in the future for the late application of the individual property ownership certificates on behalf of our customers due to our own fault or for any other reasons beyond our control.

We rely on contractors to provide us with various services.

We engage third-party contractors to provide us with various services in connection with our property development including construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air-conditioning units and elevators and gardening and landscaping works. We cannot assure you of the availability of qualified independent contractors in the market at the time of our intended outsourcing, nor can we assure you that the services rendered by our independent contractors will always be satisfactory or meet our quality requirements. While we endeavor to monitor the quality of our independent contractors' work, we cannot assure you that such issues will not arise in the future or that our business, results of operation, financial condition and reputation will not be materially and adversely affected as a result. Moreover, we rely on our main contractors to obtain the requisite construction permits to commence construction of our sites. As a developer, we may be liable for administrative penalties if our contractors fail to obtain all of the requisite construction permits. We are also exposed to the risk that a contractor may require additional capital in excess of the price originally tendered to complete a project and we may have to bear such additional amounts in order to provide them with sufficient incentives to complete our projects. Furthermore, there is a risk that major contractors may experience financial or other difficulties which may affect their ability to carry out construction works, thus delaying the completion of our development projects or resulting in additional costs for us. All of these factors could materially and adversely affect our business, reputation, financial condition and results of operations.

We have provided guarantees to secure obligations of purchasers of our properties for repayment. A default by a significant number of purchasers would materially and adversely affect our financial condition.

We arrange for various banks to provide mortgage services to the purchasers of our properties. In accordance with market practice, domestic banks require us to provide guarantees in respect of these mortgages. The majority of these guarantees are short-term guarantees which are released upon the earlier of the issuance of the individual property ownership certificate to the owner of the property or the

certificate of other rights of property to the mortgage bank by the relevant housing administration department, which generally takes place within three months after we deliver the relevant property to the purchasers, or the full settlement of the mortgaged loans by the purchasers. In our experience, the length of these guarantees typically ranges from 20 to 36 months. In line with industry practice, we do not conduct independent credit checks on our customers but rely instead on the credit checks conducted by the mortgage banks. Under the terms of the guarantees, if, during the term of the guarantee, a borrower defaults on its repayment obligation, we will be liable to pay to the banks the amount owing to them from the purchaser, but we will have the right to take possession of and re-sell the mortgaged property. As of June 30, 2021, our outstanding guarantees in respect of the mortgage loans of our customers amounted to approximately HK\$17,120 million (US\$2,204.5 million). Although we have historically experienced a low default rate on mortgage loans guaranteed by us, there is no assurance that the purchaser default rate will not increase in the future. If such an increase occurs and our guarantees are called upon, our business, financial condition and results of operations could be materially and adversely affected.

In addition, if there are changes in laws, regulations, policies and practices that would prohibit property developers from providing guarantees to banks in respect of mortgages offered to property purchasers and these banks do not accept any alternative guarantees from other third parties, or if no third-party is available in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks during pre-sales. Such difficulties in financing could result in a substantially lower rate of pre-sales of our properties, which could materially and adversely affect our cash flow, financial condition and results of operations. We are not aware of any impending changes in laws, regulations, policies or practices which will prohibit such practice in the PRC. However, there can be no assurance that such changes in laws, regulations, policies or practices will not occur in the future.

Our sales and pre-sales will be affected if mortgage financing becomes more costly or otherwise less attractive.

A majority of purchasers of our residential properties rely on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely impacting the affordability of residential properties. Under PRC law, monthly mortgage payments are limited to 50% of an individual borrower's monthly income. To control the growth in the PRC property market following the adoption of the stimulus package by the PRC government in the second half of 2008, the General Office of the State Council on January 7, 2010 issued the Circular on Accelerating the Stable and Smooth Development of Real Estate Market, which provides that the down payment for the second residential property financed by bank loans shall not be less than 40% of the purchase price. In April 2010, the State Council issued additional measures, including further increasing the down payment requirement applicable to additional housing properties to no less than 50% of the purchase price. In addition, on May 26, 2010, MOHURD, PBOC and the CBIRC jointly issued a circular to regulate the criteria for identifying the second housing unit in connection with commercial mortgage loans, which provides, among others, that the number of housing units owned by an individual purchaser who is applying for mortgage loans will be determined by taking into account all the housing units owned by the family members of such purchaser (including the purchaser and such purchaser's spouse and children under the age of 18), and that purchasers of second or subsequent housing units will be subject to different credit policies when they apply for mortgage loans. According to a notice jointly issued by PBOC and CBIRC on September 29, 2010, the down payment required by all first home purchases has been raised to 30%, and commercial banks are required to suspend mortgage loans for purchases of a customer's third or subsequent residential properties. In January 2011, the General Office of the State Council further raised the minimum down payment for second house purchases from 50% to 60%, with the minimum mortgage interest rate at 110% of the benchmark lending rate. In addition, during the period between October 2010 and July 2011, PBOC raised the benchmark one-year deposit and lending rates five times, each time by 25 basis points. Although PBOC subsequently lowered the benchmark one-year deposit and lending rates twice in June and July 2012, we cannot assure you that the PRC government and commercial banks will not further increase benchmark interest rates or 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. Nor can we assure you that such regulatory changes from time to time will not materially and adversely affect our business, financial condition and results of operations.

We face contractual and legal risks relating to the pre-sale of properties, including the risk that property developments may not be completed and the risk that changes in laws and regulations in relation to the pre-sales of properties may materially and adversely affect our business, cash flow, financial condition and results of operations.

We face contractual risks relating to the pre-sales of properties. For example, if we fail to meet the completion time as stated in the pre-sale contracts, purchasers of pre-sold units have the right to claim damages under the pre-sale contracts. If we still fail to deliver the properties to the purchasers within the grace period stipulated in the contract, the purchasers have the right of termination. If the actual GFA of a completed property delivered to purchasers deviates by more than 3% from the GFA originally stated in the pre-sale contracts, purchasers have the right of termination or the right to claim damages.

Proceeds from the pre-sales of our properties are an important source of funds for our property developments and have an impact on our liquidity position. We cannot assure you that the PRC governmental authority will not ban or impose material limitations on the existing practice of pre-selling of uncompleted properties in the future. Future implementation of any restrictions on our ability to pre-sell our properties, including any requirements to increase the amount of up-front expenditure 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 developments. This, in turn, could have a material and adverse effect on our business, cash flow, financial condition and results of operations.

Our land may be forfeited to the PRC government if we fail to comply with the terms of the land grant contracts.

Under PRC laws and regulations, if a developer fails to develop land according to the terms of the land grant contract, the relevant government authorities may issue a warning to, or impose a penalty on, the developer or require the developer to forfeit the land use rights. Any violation of the land grant terms may also restrict a developer's ability to participate, or prevent it from participating, in future land bidding. Specifically, if we fail to commence development for more than one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may serve a warning notice on us upon approval by the corresponding local government agencies and impose an idle land fee of up to 20% of the land premium. If we fail to commence development for more than two years from the commencement date stipulated in the land grant contract, the land use rights are subject to forfeiture by the PRC government unless the delay in development is caused by government actions or force majeure. On September 21, 2010, MLR and MOHURD issued a notice that prohibits real estate developers and their controlling shareholders from participating in biddings for land if they fail to commence development of land held by them as required by original land grant contracts for more than one year due to their own reasons or do not comply with land development requirements specified in land grant contracts.

As of the date of this Offering Circular, we have not been required to pay any idle land fees or penalties, and none of our land has been forfeited by the government. We cannot assure you that circumstances leading to forfeiture of land or delays in the commencement or completion of a property development will not arise in the future. If we are required to forfeit land, we will not be able to continue our property development on the forfeited land or recover the costs incurred for the initial acquisition of the forfeited land or recover development costs incurred up to the date of forfeiture.

Our business and results of operations may be materially and adversely affected if the resettlement costs or other costs of similar nature associated with our property developments increase.

Land parcels acquired by property developers for future development may have existing buildings or other structures on them or may be occupied by third parties. In cases where the land is obtained from the PRC government, resettlement costs or other costs of similar nature are usually included in the land premium payable. Under PRC laws and regulations, government authorities are required to enter into written agreements with the owners or residents of the properties subject to demolition and to provide compensation for their relocation and resettlement. The compensation payable by government authorities

cannot be lower than the market value of similar properties at the time of expropriation. If the compensation paid by government authorities increases significantly due to increases in property market prices, the land premiums payable by us may be subject to substantial increases, which could materially and adversely affect our business, results of operations and financial condition. In addition, any delay or difficulty in the resettlement process may cause a delay in the delivery of land to us, in whole or in part, and may cause an increase in the fees payable in connection with the resettlement process. In addition, if a local government and the owners or residents of the buildings subject to demolition fail to reach an agreement over the amount of compensation, the government may unilaterally determine a compensation plan, but the owners or residents have the right to apply for administrative review with relevant government authorities or initiate lawsuits, which may further delay the timetable for completion of a project. Such delays may lead to an increase in cost and a delay in the expected cash inflow from pre-sales of the relevant projects. If we experience an increase in resettlement costs or any delays due to a failure to reach a resettlement agreement, our business, financial condition and results of operations may be materially and adversely affected.

The land use of some of our property developments may differ from the original land use and the total GFA of some of our property developments may have exceeded the original authorized area.

When the PRC government grants the land use rights for a piece of land, it will specify in the land grant contract the use of the land and the total GFA that the developer may develop on this land. However, the actual land use may differ from the original land use and the actual GFA constructed may exceed the total GFA authorized in the land grant contract or construction permit due to factors such as subsequent planning and design adjustments. The adjusted land use and the amount of GFA in excess of the authorized amount are subject to approval when the relevant authorities inspect the properties after completion and the developer may be required to pay additional land premium and/or administrative fines or take corrective actions in respect of the adjusted land use and excess GFA before a Construction of Properties and Municipal Infrastructure Completed Construction Works Certified Report can be issued to the property development. The methodology for calculating the additional land premium is generally the same as the original land grant contract. We have in the past paid additional land premium and administrative fines for unauthorized changes in land use and for GFA that has exceeded the total GFA originally authorized as required by the relevant authorities. In relation to significant changes in land use and GFA, we generally seek to obtain approval of such changes and pay additional land premium and/or administrative fines prior to completion.

Our development plans of projects on certain land differ from the designated land uses. We will also need to apply for changes of the designated uses and will be required to pay additional land premium for the changes. However, the PRC government may not approve our applications to change the designated uses of such land and the additional land premium the PRC government imposes on us may differ from our estimates. In addition, there can be no assurance that the PRC government would not impose a penalty on us.

The total GFA of some of our existing developments have exceeded the total GFA originally authorized. We cannot assure you that local government authorities will not find that the total constructed GFA of our existing projects under development or any future property developments exceeds the relevant authorized GFA upon completion. Moreover, we cannot assure you that we would have sufficient funding to pay any required additional land premium or administrative fines or to pay for any corrective action that may be required in a timely manner, or at all. Any of these circumstances may materially and adversely affect our reputation, our business, results of operations and financial condition.

We may not successfully manage our growth.

We have been rapidly expanding our operations in recent years. As we continue to grow, we must continue to improve our managerial, technical and operational knowledge and allocation of resources, and to implement an effective management information system. In addition, we plan to strengthen our management control in our subsidiaries and associate companies. In order to fund our on-going operations and our future growth, we need to have sufficient internal sources of liquidity or access to

additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. We will need to further strengthen our internal control and compliance functions to ensure that we will be able to comply with our legal and contractual obligations and minimize our operational and compliance risks. There can be no assurance that we will not experience issues such as capital constraints, construction delays, operational difficulties at new operational locations or difficulties in expanding existing business and operations and training an increasing number of personnel to manage and operate the expanded business. There can be no assurance that we will be able to successfully manage our growth or that our expansion plans will not adversely affect our existing operations and thereby have a material adverse effect on our business, financial condition, results of operations and future prospects.

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

We are involved in disputes arising out of the ordinary course of our business with various parties involved in the development, sale and leasing of our properties, including government authorities, contractors, suppliers, partners, purchasers and lessees. For example, as most of our projects consist of multiple phases, purchasers of our properties in earlier phases may file legal actions against us if our subsequent planning and development of the projects are perceived to be inconsistent with our representations and warranties made to such earlier purchasers. We may also be involved in disputes with various parties relating to our property management business including personal injury claims. These disputes may lead to legal or other proceedings, may result in substantial costs and diversion of resources and management's attention and may have a material and adverse effect on our reputation and our ability to market and sell our properties.

There can be no assurance that we will not be involved in a larger number of proceedings or that the outcome of these proceedings will not have a material adverse effect on our business, financial condition and results of operations or have a negative impact on our reputation or our brand. Further, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in pecuniary liabilities and cause delays to our property developments.

We may not be successful in expanding into each new city that we target or in developing each new business segment that we explore.

We started our property development in Guangzhou and the Pearl River Delta Region. Leveraging our experience in Guangzhou, we have gradually expanded our operations into Beijing, Shanghai and adjacent second-tier and third-tier cities beyond Guangdong province, including into the Huanbohai Economic Zone and the Yangtze River Delta Economic Zone, with Guangzhou, Huizhou, Beijing, Tianjin and Shanghai as our core cities. When opportunities arise, we expect to continue to expand our operations both within and outside these regions. These new markets may differ from our existing markets in terms of level of economic development, topography, culture, regulatory practices, level of familiarity with contractors and business practices and customs, and customer tastes, behavior and preferences. In addition, when we enter into new markets, we will likely compete with developers who have an established local presence, are more familiar with local regulatory and business practices and have stronger relationships with local contractors, all of which may give them a competitive advantage over us. We cannot assure you that we will be able to enter into or operate in new markets successfully.

Further, our plans include projects that differ significantly from our past and current projects in terms of targeted customers and business segments. Our primary experience to date has been in developing high quality residential properties for sale, construction and decoration of those properties, management of residential developments, and hotel operation. We have plans to expand into the business of developing office buildings in other areas in the PRC for leasing to other companies. This is a relatively new business for us, and we cannot assure you that we will be successful in expanding into this area. We may not realize any revenue from this business, and even if revenue is realized, we cannot assure you that the market demand for office space will be sufficient to provide us with an adequate return on our investment.

Our expansion and the need to integrate operations arising from our expansion particularly into other fast growing cities in the PRC, may place a significant strain on our managerial, operational and financial resources and further contribute to an increase in our financing requirements.

The PRC government has implemented restrictions on the payment terms for land use rights.

On September 28, 2007, MLR issued revised Rules on the Grant of State-owned Land Use Rights through Public Tender, Auction and Listing-for-sale, which provide that property developers must fully pay the land premium for the entire parcel under the land grant contract before they can receive a land use rights certificate and commence development on the land. This regulation became effective on November 1, 2007. As a result, property developers are not allowed to bid for a large piece of land, make partial payment, and then apply for a land use rights certificate for the corresponding portion of land in order to commence development, which was the practice in many Chinese cities. On November 18, 2009, the Ministry of Finance (“MOF”), MLR, PBOC, the Ministry of Supervision (the predecessor of the National Supervisory Commission) and the PRC National Audit Office issued the Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant, which raises the minimum down payment on land premiums to 50% of the total premium and requires the land premium to be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. On March 8, 2010, MLR issued the Circular on Strengthening Real Estate Land Supply and Supervision, under which the minimum price for a given land transfer is required to be equal to at least 70% of the benchmark price for land in the surrounding locality and the bidding deposit for such land transfer is required to be equal to at least 20% of the applicable minimum transfer price. Property developers are also required to pay 50% of the land premium (taking into account any deposits previously paid) as a down payment within one month of signing a land grant contract and the total amount of the land premium is to be paid in full within one year of the date of the land grant contract. Our past delays in paying the land premium have subjected us to administrative fines and future delays may subject us to further fines. In addition, the implementation of these regulations may increase land transfer prices and require property developers to maintain a higher level of working capital. We cannot assure you that we will be able to acquire land suitable for development at reasonable cost or that our cash flow position, financial condition or business plans will not be materially and adversely affected by the implementation of these regulations or any administrative fines imposed for our delays in paying land premiums.

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

The property development business is capital intensive. We finance our property developments primarily through a combination of internal funding, borrowings from banks, trust financing arrangements, capital markets financing (such as our initial public offering and listing on the main board of the Hong Kong Stock Exchange in 1998), offerings of debt securities and pre-sales and sales proceeds. Further, purchasers who choose to pay the purchase price in full without taking out a mortgage may not pay the full purchase price on time and this may affect our cash flow position. We cannot assure you that we will have sufficient cash flow available for land acquisitions or property developments or that we will be able to achieve sufficient pre-sales and sales to fund land acquisitions or property developments. In addition, we cannot assure you that we will be able to secure external financing on terms acceptable to us or at all.

Our ability to arrange adequate financing for land acquisitions or property developments on terms that will allow us to earn reasonable returns depends on a number of factors that are beyond our control. The PRC government has in the past taken a variety of policy initiatives in the financial sector to tighten lending procedures for property developers. PBOC issued the Circular on Further Strengthening the Management of Loans for Property Business on June 5, 2003 to specify the requirements for banks providing loans for the purposes of property development. These requirements include:

- that property loans by commercial banks to real estate enterprises may be granted only as property development loans and it is strictly forbidden to extend such loans as current capital loans for property development projects or other purposes. No lending of any type shall be granted to enterprises which have not obtained the relevant land use rights certificates, construction land permits, construction planning permit and construction work permits; and

- that commercial banks may not grant loans to property developers to finance land premium payments.

Furthermore, PBOC raised the benchmark one-year lending rate several times between 2004 and 2008. PBOC also increased the amount of funds a commercial bank must hold in reserve with PBOC against deposits made by their customers, or reserve requirement ratio, several times between 2006 and 2008 to curtail the overheating in China's property market, which negatively impacted the amount of funds available for commercial banks to lend. Following the slowdown of the global economy in 2008, the PRC government lowered benchmark lending rates and the reserve requirement ratio for commercial banks in order to stimulate economic growth. PBOC subsequently increased benchmark lending rates and the reserve requirement ratio several times between October 2010 and July 2011 in order to control the growth of the PRC economy. Although PBOC lowered the benchmark lending rates several times between 2012 and 2015, we cannot assure you that PBOC will not raise lending rates or reserve requirement ratios again in the future, or that our business, financial condition and results of operations will not be materially and adversely affected as a result of these adjustments.

The fiscal and other measures adopted by the PRC government from time to time may limit our flexibility and ability to use bank loans to finance our property developments and therefore may require us to maintain a relatively high level of internally-sourced cash. In November 2009, the PRC government raised the minimum down payment on land premium to 50% of the total premium and requires the land premium to be fully paid within one year after the signing of a land contract, subject to limited exceptions. In March 2010, the PRC government further tightened this requirement by setting the minimum price for land transfer to be equal to at least 70% of the benchmark price for land in the surrounding locality and the bidding deposit to be equal to at least 20% of the applicable minimum land transfer price. Additionally, a land grant contract is required to be entered into within 10 working days after the land grant deal is closed and the down payment of 50% of the land premium (taking into account any deposits previously paid) is to be paid within one month of signing the land grant contract, with the remaining to be paid in full within one year of the date of the land grant contract in accordance with provisions of such land grant contract. These new requirements may constrain our cash otherwise available for additional land acquisition and construction. We cannot assure you that we will have adequate resources to fund land acquisitions (including any unpaid land premiums for past acquisitions), or property developments, or to service our financing obligations, and our business and financial condition may be materially and adversely affected. In addition, the increase of benchmark lending rates has led to higher interest rates for mortgage loans, which may depress the demand in the property market in general.

If we are unable to make scheduled payments in connection with our debt and other fixed payment obligations as they become due, we may need to renegotiate the terms and conditions of such obligations or to obtain additional equity or debt financing. We cannot assure you that our renegotiation efforts would be successful or timely or that we would be able to refinance our obligations on acceptable terms or at all. If financial institutions decline to lend additional funds to us or to refinance our existing loans when they mature as a result of our credit risk and we fail to raise financing through other means, our financial condition, cash flow and our business prospects may be materially and adversely affected. We cannot assure you that we will be able to maintain the relevant financial ratios from time to time or that we will not default. If we are unable to obtain forbearance or waiver arrangements with the relevant lenders and upon occurrence of any default, event of default or cross default in the future, it could lead to, among other things, an acceleration in our debt financing obligations, which could in turn have a material and adverse effect on our financial condition.

We face risks relating to fluctuations of results of operations from period to period.

Our results of operations tend to fluctuate from period to period. The number of properties that we can develop or complete during any particular period is limited due to the substantial capital required for land acquisition, demolition and resettlement and construction, as well as limited land supplies and lengthy development periods before positive cash flows may be generated. In addition, in recent years, we have

begun to develop larger scale property developments and, as a result, we develop properties in multiple phases over the course of several years. Typically, as the overall development moves closer to completion, the sales prices of the properties in such larger scale property developments tend to increase because a more established residential community is offered to purchasers. In addition, seasonal variations have caused fluctuations in our revenues and profits from quarter to quarter. For example, our revenue and profits, recognized upon the delivery of properties, in the first half of a year are often lower than in the second half, and we will continue to experience significant fluctuations in revenue and profits on an interim basis. As a result, our results of operations fluctuate and our interim results do not proportionally reflect our annual results.

The PRC tax authorities may increase LAT prepayment rate, settle the full amount of LAT or challenge the basis on which we calculate our LAT obligations.

Under PRC tax laws and regulations, our properties developed for sale are subject to LAT, which is collectible by the local tax authorities. All income from the sale or transfer of state-owned land use rights, buildings and their ancillary facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, which is calculated based on the proceeds from the sale of properties less deductible expenditures as provided in the relevant tax laws. Certain exemptions may be available for the sale of ordinary residential properties if the appreciation of land value does not exceed 20% of the total deductible items as provided in the relevant tax laws. However, sales of commercial properties are not eligible for this exemption. Real estate developers are required to prepay LAT monthly at rates set by local tax authorities after commencement of pre-sales or sales. In 2018, 2019 and 2020, we prepaid LAT at the rate ranging from 30% to 60% of our proceeds from pre-sales or sales of apartments and villas. In May 2010, the State Administration of Taxation (“SAT”) issued the Notice on Strengthening the Collection of Land Appreciation Tax that requires a minimum LAT prepayment rate of no less than 2% for all properties other than affordable housing construction in provinces in the eastern region. As a result, the LAT prepayment rates applicable to us increased to approximately 2% since 2010. We cannot assure you that the local tax authorities will not further increase LAT prepayment rates in the future. In the event that the prepayment rates applicable to us increase, our cash flow and financial position will be adversely affected.

The SAT Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises sets forth that the local tax authorities may require real estate developers to settle the final LAT payable in respect of their development projects that meet certain criteria, such as 85% of a development project having been pre-sold or sold. Local provincial tax authorities are entitled to formulate detailed implementation rules in accordance with this notice in consideration of local conditions. We cannot foresee when the PRC tax authorities will require us to settle the full amount of LAT applicable to us. If the implementation rules promulgated in the cities in which our projects are located require us to settle all unpaid LAT or if any or all of our LAT provisions are collected by the PRC tax authorities, our business, financial condition, results of operations and prospects could be materially and adversely affected.

In addition, we cannot assure you that the tax authorities will agree with our estimation or the basis on which we calculate our LAT obligations. In the event that the tax authorities assess us with LAT in excess of the provisions we have made for the LAT and we are unable to successfully challenge such assessments, our net profits after tax may be adversely affected. We cannot assure you that the LAT obligations we are to assess and provide for in respect of the properties that we develop will be sufficient to cover the LAT obligations which the local tax authorities ultimately impose on us.

We are subject to uninsured risks.

We carry third-party liability and fire insurance on certain completed developments in which we have an interest. Depending on our assessment of the requirement, we may or may not maintain public liability and assets insurance policies for our properties, the common facilities and the hotel operating areas of our properties. In addition, our property management subsidiaries also maintain property management liability insurance coverage in connection with their business operations. We generally assess the need to

maintain insurance policies for projects under development based on the specific circumstances of each project and if any insurance is carried, the premium is borne by the contractors. However, we may purchase such insurance if required by our creditors in respect of properties pledged to them. In addition, there are certain types of losses, such as losses from forces of nature, that are generally not insured because they are either uninsurable or because insurance cannot be obtained on commercially reasonable terms. This practice is consistent with what we believe to be the industry practice in the PRC. Certain types of losses caused by war, civil disorder, acts of terrorism, earthquakes, typhoons, flooding, and other natural disasters are not covered. Should an uninsured loss or a loss in excess of insured limits occur, we could lose capital invested in our property and anticipated future revenue therefrom while we remain liable for any mortgage indebtedness or other financial obligations relating to the relevant property. Any such loss could materially and adversely affect our financial condition and results of operations.

Certain of our businesses are conducted through joint ventures.

We have investments in equity joint venture companies or cooperative joint venture companies formed to develop, own and/or manage property in the PRC. Although we have control over the day-to-day operations of all our joint ventures and have the ability to make business decisions that are in the ordinary course of their businesses, the passing of certain important shareholders' or board resolutions of some of these joint ventures requires the unanimous resolution of all the shareholders or directors (as applicable) of the joint venture companies. Although we have not experienced any significant problems with respect to our joint venture partners to date, should significant problems occur in the future, they could have a material adverse effect on our business and prospects.

There is no assurance that certain current ancillary facilities will continue to provide services to the owners or users of our property developments.

The ancillary facilities within our residential communities enhance the value of our properties by improving the overall quality and value of the surrounding areas, thus offering a better living environment to the owners and users of our properties. However, we do not operate or manage some of the ancillary facilities, such as schools and hospitals. We cannot assure you that these facilities will continue to operate and provide services in our residential communities. In the event that these facilities cease to operate in our residential communities, our properties may become less attractive and competitive and this may adversely affect the value of our properties.

Potential liability for environmental problems could result in substantial costs.

We are subject to a variety of laws and regulations concerning environmental protection. The specific environmental laws and regulations governing a particular development site vary greatly based on the site's location and environmental condition, the present and former uses of the site and the nature of the adjoining properties. Requirements under environmental laws and conditions may result in delays in development schedules and may cause us to incur substantial compliance and other costs and may prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

The PRC environmental regulations provide that each project developed by a property developer is required to undergo an environmental assessment and an environmental impact assessment report is required to be submitted to the relevant government authorities for approval before commencement of construction. If we fail to comply with these requirements, the local environmental authority may order us to suspend construction of the project until the environmental impact assessment report is submitted to and approved by the local environmental authority. The local environmental authority may also impose on us a fine of up to RMB200,000 per project. As of the date of this Offering Circular, all our completed projects and projects under development have completed the environmental assessment procedures. We have also completed the environmental assessment procedures for some of our projects held for future development. We, however, cannot assure you that we will be able to complete environmental assessment procedures for all our future projects and that the relevant environmental authorities will not order us to suspend construction of any of our projects or will not impose a fine on us. In the event that there is a suspension of construction or imposition of a fine, this may adversely affect our business and financial condition.

In addition, PRC law requires environmental facilities to be included in a property development to pass the inspection by the environmental authorities in order to obtain completion approval before commencing operations. Some of our residential and hotel property projects have environmental facilities that are subject to this requirement. If we fail to comply with this requirement, the local environmental authorities may order us to suspend construction or prohibit the use of the facilities, which may disrupt our operations and adversely affect our business. Environmental authorities may also impose on us a fine of up to RMB100,000 in respect of a project which have environmental facilities. We are currently applying for the completion approval of environmental facilities, principally related to the treatment of water for some of our projects. We cannot assure you that we can obtain such approvals in a timely manner. In the event that such completion approvals cannot be obtained or if a fine is imposed on us, our business and our financial condition may be adversely affected.

Although the environmental investigations conducted by local environmental authorities to date have not revealed any environmental liability that we believe would 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 and that there are material environmental liabilities of which we are unaware. We cannot assure you that future environmental investigations will not reveal any material environmental liability. Also, we cannot assure you that the PRC government will not change the existing laws and regulations or impose additional or stricter laws or regulations, the compliance with which may cause us to incur significant capital expenditure. In addition, there is no assurance that we would be able to comply with such laws and regulations.

The enforcement of the Labor Contract Law and other labor-related regulations in the PRC may adversely affect our business and our results of operations.

On June 29, 2007, the National People's Congress of China ("NPC") enacted the Labor Contract Law, which became effective on January 1, 2008 and was amended on December 28, 2012. Compared to the Labor Law, the Labor Contract Law establishes more restrictions and increases the cost to employers to terminate employees, including specific provisions related to fixed-term employment contracts, temporary employment, probation, consultation with the labor union and employee general assembly, employment without a contract, dismissal of employees, compensation upon termination and overtime work, and collective bargaining. Pursuant to the Labor Contract Law, an employer is obligated to enter into an "indefinite term labor contract" with an employee if the employee has been employed by the employer after two or more consecutive fixed-term contracts. The employer is required to pay compensation to the employee if the employer wants to terminate an "indefinite term labor contract." Unless an employee refuses to extend an expired labor contract, such compensation is also required when the labor contract expires. Further, under the Regulations on Paid Annual Leave for Employees, which became effective on January 1, 2008, employees who have served more than one year for an employer are entitled to a paid vacation ranging from 5 to 15 days, depending on their length of service. Employees who waive such vacation time at the request of employers shall be compensated with three times their normal salaries for each waived vacation day. As a result of these new protective labor measures, our labor costs may increase.

We may face negative publicity or unfavorable research reports.

From time to time, we may face negative publicity or unfavorable research reports relating to our business, financial performance, financial reporting or operations. We may defend ourselves against such allegations through legal and administrative proceedings as appropriate. However, we cannot assure you that such proceedings will result in a ruling or decision to our favor nor that the negative publicity effect imposed by those allegations would be eliminated or reduced upon a positive ruling.

Any such negative publicity or unfavorable research report, even if malicious or prepared on an unfounded factual basis, could have a material adverse effect on the trading price of the Bonds or have a materially adverse effect on the image or reputation of our Company.

Our continued success largely depends on our controlling shareholder and our current management.

Our continued success depends heavily on our controlling shareholder and former Chairman of the Board and executive director of our Company, Mr. Chu Mang Yee, who has over 20 years' experience in construction, property investment and development and possesses know-how of all stages of the property development process. Mr. Chu Mang Yee has irrevocably undertaken to us that, for so long as he remains a controlling shareholder within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), he will not directly or indirectly engage in any trade, business, profession or venture which directly or indirectly competes with our business or any of our subsidiaries. The undertaking, however, does not cover any direct or indirect shareholding in a publicly listed company not exceeding 5% of the issued share capital of our Company.

In addition, we depend on the continued service of our executive directors and officers and other skilled managerial and technical personnel, including notably our designers and architects. For example, our chairman, Ms. Chu Kut Yung has worked in areas relating to financial and human resource management of the Company and thus accumulated extensive and professional experience in such areas. Competition in our industry for qualified personnel is intense. Our business could suffer if we lose the services of a number of key personnel and are not able to recruit quality replacements. Furthermore, as our business continues to grow, we will need to recruit and train additional qualified personnel. If we fail to attract and retain qualified personnel, our business and prospects may be materially and adversely affected.

Our controlling shareholder is able to influence our corporate policies and direct the outcome of corporate actions requiring shareholders' approval.

Approximately 53.26% of our outstanding shares were beneficially owned by our controlling shareholder, Mr. Chu Mang Yee, as of June 30, 2021. The interests of our controlling shareholder may differ from our interests or the interests of our creditors, including the holders of the Bonds. Subject to compliance with the Listing Rules and applicable laws, by maintaining such ownership, Mr. Chu Mang Yee is able to influence our corporate policies, appoint our directors and officers and vote on corporate actions requiring shareholders' approval. In particular, the strategic goals of Mr. Chu Mang Yee may not be aligned with our strategies and could reduce the level of management flexibility that would otherwise exist with a more diversified shareholder base. We cannot assure you that our controlling shareholder will act entirely in our interest or that any potential conflicts of interest will be resolved in our favor.

We are exposed to general risks associated with the ownership and management of real property.

Investment properties are generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash on short notice and property assets may be required to be sold at a discount in order to ensure a quick sale. Such illiquidity also limits our ability to manage our portfolio in response to changes in economic or other conditions. Moreover, we may face difficulties in securing timely and commercially favorable financing in asset-based lending transactions secured by real estate due to the illiquidity.

Property investment is subject to risks incidental to the ownership and management of residential, office and retail properties including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in the financial statements, increased operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs.

Our branding and marketing strategy as well as our financial condition could be materially and adversely affected if owners of the projects that we have developed elect to stop using us to provide property management services.

We provide property management services in respect of properties primarily developed by us through our wholly-owned subsidiaries, Guangdong Esteem Property Services Limited (“Esteem”) and Beijing Zhujiang Century Property Management Limited. Between them, Esteem is a leading property management firm with a property management area of approximately 30.0 million sq.m. in the PRC as of June 30, 2021. It obtained the qualification of Level One Property Management Qualification granted by MOHURD for consecutive six years since 2012 and was in the “TOP 100 Property Management Companies in China” in 2020 according to the China Index Academy. We believe that the provision of quality and value-added management services of an international standard enable us to enhance recognition of our brand and maintain our reputation as a developer of quality properties. We seek to provide comprehensive quality post-sales property management and post-sales services to purchasers of our properties, including services such as rental agency, security, maintenance, operation of clubhouse, cleaning of public areas, domestic assistance, gardening and landscaping and other services. Under PRC laws and regulations, property owners have a right to engage or dismiss a property management company with the consent of more than 50% of the owners who in the aggregate hold more than 50% of the total non-communal area of the building. If owners of the projects that we have developed elect to stop using us to provide property management services, our branding and marketing strategy as well as our revenue from the property management business would be materially and adversely affected.

We have limited experience in the hotel business.

We entered into the hotel business in July 2004 when the Guangzhou Regal Riviera Hotel commenced operations, and we currently also have interests in Hyatt Regency Shanghai, Wujiaochang, Wyndham Grand Tianjin, Jingjin City, Tianjin Hot Spring Resort and Taiyuan Regal Hotel. We have limited experience in operating and managing hotels and accordingly, there is no assurance that our hotel operations will be successful.

In addition, although our hotels are managed by professional hotel management companies, we could face considerable reputational and financial risks if the hotels are mismanaged or do not meet the expectations of customers. Because we will rely on hotel management companies to manage these five hotels, we may not be in a position to identify or resolve potential issues that may arise in relation to the hotels and this may have a material adverse effect on our reputation and results of operations.

We are subject to all of the risks common in the hotel industry.

The hotel business is sensitive to changes in the global and national economy in general. Since demand for hotel services is affected by economic growth, a global or regional recession could lead to a downturn in the hotel industry. There can be no assurance that an economic recession or a situation of prolonged difficulties in the hotel industry, tourism industry, or in international, national and local economies, will not have a material adverse effect on us.

The hotel sector may also be unfavorably affected by other factors such as government regulation, changes in local market conditions, competition in the industry, excess hotel supply or reduced international or local demand for hotel rooms and associated services, foreign exchange fluctuations, interest rate environment, the availability of finance and other natural and social factors.

Our hotel operations are affected by occupancy and room rates achieved by our hotels, our ability to manage costs (including changes in labor costs), the relative mix of owned, leased and managed properties and the success of our food and beverage operations. Additionally, our profitability could be adversely impacted by increases in wage levels, energy, healthcare, insurance and other operating expenses, resulting in lower operating profit margins.

The United Kingdom's withdrawal from the European Union may have a negative effect on global economic conditions, financial markets and our business.

Following a national referendum and enactment of legislation by the government of the United Kingdom, the United Kingdom formally withdrew from the European Union on January 31, 2020 and entered into a transition period ending on 31 December 2020 during which it continued its ongoing and complex negotiations with the European Union relating to the future trading relationship between the parties. Significant political and economic uncertainty remains in the implementation of the United Kingdom's withdrawal from the European Union

These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital.

RISKS RELATING TO THE PRC REAL ESTATE INDUSTRY

Property development in the PRC is still at an early stage and lacks adequate infrastructural support.

Private ownership of property in the PRC is still in a relatively early stage of development. Although demand for private residential property in the PRC has been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuations in property prices. It is extremely difficult to predict by how much and when demand will develop, as many social, political, economic, legal and other factors, most of which are beyond our control, may affect the development of the market. The level of uncertainty is increased by limited availability of accurate financial and market information as well as the overall low level of transparency in the PRC.

The lack of a liquid secondary market for residential property may discourage investors from acquiring new properties. In addition, the limited amounts and types of mortgage financing available to individuals, together with the lack of long-term security of legal title and enforceability of property rights, may also inhibit demand for residential property.

Furthermore, risk of property over-supply is increasing in parts of the PRC, where property investment, trading and speculation have become overly active. In the event of actual or perceived over-supply, property prices may fall significantly and our revenue and results of operations will be adversely affected.

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

Increasing competition in the PRC property market may adversely affect our profitability.

Our property development operations face competition from both international and local property developers with respect to factors such as location, facilities and supporting infrastructure, services and pricing. We compete with both local and international companies in capturing new business opportunities in the PRC.

In recent years, a large number of property developers have begun to undertake property development and investment projects in the PRC. These include overseas property developers (including a number of leading Hong Kong property developers) and local property developers in the PRC. Our existing and potential competitors include major domestic state-owned and private property developers in the PRC, and, to a lesser extent, property developers from Hong Kong and elsewhere in Asia. Some of our competitors have greater financial and other capital resources, marketing and other capabilities and/or name recognition than us. In addition, some local companies have extensive local knowledge and

business relationships and/or a longer operational track record in the relevant local markets than us while international companies are able to capitalize on their overseas experience to compete in the PRC markets.

Intensified competition among property developers may result in increased costs for land acquisition and construction, oversupply of properties and a slowdown in the approval process for new property developments by the relevant government authorities, all of which may adversely affect our business. There can be no assurance that we will be able to compete successfully in the future against our existing or potential competitors or that increased competition with respect to our activities may not have a material adverse effect on our financial condition and results of operations.

In addition, the property markets in the PRC are rapidly changing. If we cannot respond to changes in market conditions or changes in customer preferences more swiftly or more effectively than our competitors, our business, results of operations and financial condition could be materially and adversely affected.

The PRC property market has experienced significant consolidation.

Consolidation in the PRC property market in recent years has resulted in smaller property developers merging or otherwise combining their operations in order to enjoy economies of scale and enhance their competitiveness. Any further consolidation in the property sector in the PRC may intensify competition among property developers and we may have to compete with competitors with greater financial and operational resources, such as land banks and management capabilities. Such consolidation could potentially place us under competitive pressure with respect to land or development negotiations, scale, resources and pricing of our properties.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

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

Substantially all of our assets are located in the PRC, and all of our revenue is derived from within the PRC. Accordingly, our results of operations, financial position and prospects are significantly 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:

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

While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and across the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations.

For example, our financial condition and results of operations may be materially and adversely affected by the PRC government's control over capital investments and changes in tax regulations or foreign exchange controls that are applicable to us.

The PRC economy has been transitioning from a planned economy to a market-oriented economy. For the past three decades, the PRC government has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. Although we believe these reforms will have a positive effect on our overall and long-term development, we cannot predict whether changes in the PRC's economic, political and social conditions, laws, regulations and government policies will have any material and adverse effect on our current or future business, results of operations or financial condition.

Governmental control of currency conversion may affect the value of your investment.

The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency to jurisdictions outside China. We receive substantially all of our revenue in Renminbi. Under our current structure, our income is primarily 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 or settled obligations, such as the Bonds. Under existing PRC foreign exchange regulations, payments of certain current account items can be made in foreign currencies without prior approval from the local branch of the State Administration of Foreign Exchange (“SAFE”), by complying with certain procedural requirements. However, approval from the appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted to a jurisdiction outside China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC government may also, at its discretion, restrict access to foreign currencies for current account transactions in the future. If the PRC foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, our PRC subsidiaries may not be able to pay dividends in foreign currencies to us and we may not be able to service our debt obligations denominated or settled in foreign currencies, such as the Bonds.

There are significant uncertainties under the PRC enterprise income tax law relating to the withholding tax liabilities of our PRC subsidiaries.

Under the Enterprise Income Tax Law of the PRC, which took effect on March 16, 2007 and was amended on February 24, 2017 and December 29, 2018, and its Implementation Regulation (collectively, the “EIT Law”), the profits of a foreign invested enterprise generated in 2008 and onwards which are distributed to its immediate holding company outside the PRC are subject to a withholding tax rate of 10% or a lower treaty rate. Pursuant to a special arrangement between Hong Kong and the PRC, such rate is lowered to 5% if a Hong Kong resident enterprise owns over 25% of a PRC company. Some of our PRC subsidiaries are currently wholly owned by Hong Kong subsidiaries. According to the Announcement of the State Taxation Administration on Issuing the Measures for the Administration of Non-resident Taxpayers’ Enjoyment of Treaty Benefits, which became effective on January 1, 2020, if a non-resident enterprise determines through self-assessment that it is eligible for certain tax treaty benefits, it may claim for and enjoy such treaty benefits by filing certain information report with the PRC tax authorities at the time of declaration. In the meantime, it shall collect and retain relevant materials for future inspection. However, the PRC tax authorities have the discretion to adjust the preferential tax rate for which an offshore entity would otherwise be eligible in the process of subsequent administration. Therefore, it is uncertain whether the 5% withholding tax rate (if applied) on dividends received by our subsidiaries in Hong Kong from our PRC subsidiaries would be adjusted to a higher level by the PRC tax authorities subsequently.

Under the EIT Law, we may be classified as a “resident enterprise” of China. Such classification could result in unfavorable tax consequences to us and our non-PRC bondholders.

Under the EIT Law, an enterprise established outside of China with “de facto management organization” located within China will be considered a “resident enterprise,” and consequently will be treated in a manner similar to a Chinese enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define “de facto management” as “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. However, it is still unclear how the PRC tax authorities will determine whether an entity will be classified as a “resident

enterprise.” If the PRC tax authorities determine that we are a “resident enterprise” for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. We may be subject to enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. In our case, this would mean that income such as interest from any investment of any portion of the offering proceeds and other income sourced from outside the PRC would be subject to PRC enterprise income tax at a rate of 25%, whereas no direct income tax is imposed on us under the laws of Bermuda (For further information, see “*Taxation — Bermuda Tax.*”) Furthermore, as described in “*Taxation — PRC,*” if we are considered a “resident enterprise,” interest payable on the Bonds and any gains realized from the transfer of the Bonds may be treated as income derived from sources within China. Non-resident enterprise holders may be subject to PRC withholding tax (in the case of interest) or PRC tax at a rate of 10%, and non-resident individual holders may be subject to PRC withholding tax (in the case of interest) or PRC tax at a rate of 20%. Any PRC income tax liability may be reduced under applicable tax treaties. However, it is unclear whether in practice non-resident bondholders would be able to obtain the benefit of income tax treaties entered into between PRC and their countries. In addition, as described in “*Taxation — PRC,*” there is uncertainty as to whether payments of interest to our non-PRC bondholders might be subject to withholding of PRC value-added tax. If we are required to withhold PRC tax on our interest payable to our non-resident bondholders, we will, subject to certain exceptions, pay such additional amounts as will result in receipt by a holder of a note of such amounts as would have been received by the holder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds, and could have a material adverse effect on our ability to pay interest on, and repay the principal amount of, the Bonds, as well as our profitability and cash flow. Furthermore, if PRC tax is imposed on dispositions of the Bonds, the value of the Bonds could be reduced. In addition to the uncertainty as to the application of the new “resident enterprise” classification, the PRC government could amend or revise the taxation laws, rules and regulations to impose stricter tax requirements, higher tax rates or apply the EIT Law, or any subsequent changes in PRC tax laws, rules or regulations retroactively. As there may be different applications of the EIT Law and any amendments or revisions, comparisons between our past financial results may not be meaningful and should not be relied upon as indicators of our future performance. If such changes occur or are applied retroactively, they could materially and adversely affect our results of operations and financial condition.

PRC regulations relating to the investment in offshore special purpose companies by PRC residents may subject our shareholders that are PRC residents to personal liability, limit our ability to contribute capital into or provide loans to our PRC subsidiary, limit our subsidiaries’ ability to increase their registered capital, pay dividends or otherwise distribute profits to us, or otherwise adversely affect us.

SAFE has promulgated several regulations, including the Circular on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Overseas Investment and Financing and Inbound Investment via Overseas Special Purpose Vehicles, or Circular 37, issued on July 14, 2014, which require PRC residents and PRC corporate entities to register with local branches of SAFE in connection with their direct or indirect offshore investment activities.

Under these SAFE regulations, PRC residents, including both legal persons and natural persons, are required to register with an appropriate local SAFE branch before it contributes its domestic or overseas assets or equity interests to any company outside of China, referred to as an “offshore special purpose company” for the purpose of acquiring any assets of or equity interest in PRC companies and raising funds from overseas. When a PRC resident contributes the assets or equity interests it holds in a PRC company or an offshore enterprise into the offshore special purpose company, or engages in overseas financing after contributing such assets or equity interests into the offshore special purpose company, such PRC resident shall modify its SAFE registration in light of its interest in the offshore special purpose company and any change thereof. In addition, any PRC resident that is the shareholder of an offshore special purpose company is required to amend its SAFE registration with the local SAFE branch, with respect to that offshore special purpose company in connection with any change in the basic information or other material changes such as capital increase or decrease, equity transfer or merger and acquisition of the domestic resident shareholders. If any PRC shareholder fails to make the required

initial SAFE registration or update the previously filed registration, the PRC subsidiaries of that offshore parent company may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be prohibited from injecting additional capital into its PRC subsidiaries.

It is unclear how these rules, and any future legislation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. We attempt to comply, and attempt to ensure that our shareholders who are subject to these rules comply, with the relevant requirements. However, we cannot assure you that all of our shareholders who are PRC residents, will comply with our request to make or update any applicable registrations or comply with other requirements required by these rules or other related rules. The failure or inability of our PRC resident shareholders to make any required registrations or comply with other requirements may subject such shareholders to fines and legal sanctions and may also limit our ability to contribute additional capital into or provide loans to (including using the proceeds from any equity or debt securities offerings) our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital, pay dividends or otherwise distribute profits to us, or otherwise materially and adversely affect us.

Substantially all of our revenue is denominated in Renminbi and fluctuations in the exchange rate Renminbi may materially and adversely affect our business, financial condition and results of operations.

Substantially all of our revenue is denominated in Renminbi and must be converted to pay dividends or make other payments in freely convertible currencies. Under the PRC's foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade, may be made in foreign currencies without prior approval, subject to certain procedural requirements. However, strict foreign exchange controls continue for capital account transactions, including repayment of loan principal and return of direct capital investments and investments in negotiable securities. In the past, there have been shortages of US dollars or other foreign currency available for conversion of Renminbi in the PRC, and it is possible that such shortages could recur, or that restrictions on conversion could be re-imposed.

The value of Renminbi against other foreign currencies is subject to changes in the PRC government's policies and international economic and political developments. Under the current unified floating exchange rate system, the conversion of Renminbi into foreign currencies, including Hong Kong and U.S. dollars, has been based on rates set by PBOC, which are quoted daily based on the previous day's inter-bank foreign exchange market rates and current exchange rates on the world financial markets. Since 1994, the official exchange rates for the conversion of RMB to Hong Kong and U.S. dollars have generally been stable. However, with effect from July 21, 2005, the PRC government reformed the exchange rate regime by moving into a managed floating exchange regime based on market supply and demand with reference to a basket of currencies. As a result, the Renminbi appreciated against the Hong Kong and U.S. dollars by approximately 2% on the same date. In September 2005, the PRC government widened the daily trading band for Renminbi against non-U.S. dollar currencies from 1.5% to 3.0% to improve the flexibility of the new foreign exchange system. The floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar was expanded from 0.3% to 0.5% around the central parity rate, effective in May 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by PBOC. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 16.9% from July 21, 2005 to December 31, 2018. On August 5, 2019, the PBOC set the Renminbi's daily reference rate at above 7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. There is no assurance that the Renminbi will not experience significant fluctuations against the U.S. dollar in the future. It is possible that the PRC government could adopt a more flexible currency policy in the future, which could result in further and more significant revaluations of the Renminbi against any foreign currency. Any significant revaluation of the Renminbi may materially and adversely affect our cash flows, revenues, earnings and financial position, and the value of, and any dividends payable to us by our PRC subsidiaries. For example, an appreciation of the Renminbi against the U.S. dollar would make any new Renminbi denominated investments or expenditures more costly to us, to the extent that we need to convert U.S. dollars into Renminbi for such purposes.

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

The PRC government has in the past imposed restrictions on foreign investment in the property sector to curtail the overheating of the property sector by, among other things, increasing the capital and other requirements for establishing foreign-invested real estate enterprises, tightening foreign exchange control and imposing restrictions on purchases of properties in China by foreign persons. On May 23, 2007, the Ministry of Commerce (“MOFCOM”) and SAFE jointly issued the Notice on Further Strengthening and Regulating the Approval and Supervision on Foreign Investment in Real Estate Sector in the PRC, which, among other things, provides that:

- foreign investment in the property sector in the PRC relating to high-end properties should be strictly controlled;
- prior to obtaining approval for the establishment of foreign-invested real estate enterprises, either (i) both the land use right certificates and housing title certificates should be obtained, or (ii) contracts for obtaining land use rights or housing titles should be entered into;
- foreign-invested real estate enterprises approved by local authorities shall immediately register with MOFCOM through a filing made by the local authorities; and
- foreign exchange administration authorities and banks authorized to conduct foreign exchange business should not effect foreign exchange settlements of capital account items for those foreign-invested real estate enterprises which have not completed their filings with MOFCOM.

In June 2008, to strengthen regulation of foreign-invested real estate enterprises, MOFCOM issued the Notice Regarding Completing the Filing of Foreign Investment in the Real Estate Sector. According to this notice, when a foreign-invested real estate enterprise is established or increases its registered capital, the commerce department at provincial level is required to verify all filing materials regarding such foreign-invested real estate enterprise and to make a filing with MOFCOM. This notice also requires that each foreign-invested real estate enterprise undertakes only one approved property project. Further, on August 29, 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning Improving the Administration of Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises. Pursuant to this circular, Renminbi funds from the settlement of foreign currency capital of a foreign-invested enterprise must be used within the business scope of the enterprise as approved by the examination and approval department of the government, and cannot be used for domestic equity investment unless it is otherwise provided for in other regulations. In addition, any foreign-invested enterprise, other than foreign-invested real estate development enterprises, shall not purchase domestic real estate for purposes other than self-use purposes with Renminbi funds derived from its capital fund. As a result, we may not be able to increase the capital contribution to our project companies or equity investees and subsequently convert such capital contribution into Renminbi for equity investment or acquisitions in the PRC. These limitations on the flow of funds between us and our PRC subsidiaries could restrict our ability to act in response to changing market conditions and the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other amounts to us, or to satisfy their foreign currency denominated obligations. Furthermore, in December 2011, NDRC and MOFCOM jointly amended and released the Foreign Investment Industrial Guidance Catalog (2011), which provides that, effective from January 30, 2012, the development of a whole land lot solely by foreign investors, as well as the construction and operation of golf course and villas, fall within the category of industries in which foreign investment is prohibited. On August 19, 2015, the Notice on Adjusting the Foreign Investment Access and Management Policies in the Real Estate Market liberalized the restriction on the difference between investment and registered capital for foreign-invested real estate enterprises; in addition, foreign-invested real estate enterprises have been allowed to accomplish the foreign exchange registration in banks by themselves pursuant to relevant foreign exchange regulations. However, restrictions imposed by the PRC government on foreign investment in the property sector may still affect our ability to make further investments in our PRC subsidiaries and as a result may limit our business growth and have a material adverse effect on our business, financial condition and results of operations.

PRC regulations relating to acquisitions of PRC companies by foreign entities may limit our ability to acquire PRC companies and materially and adversely affect the implementation of our strategy as well as our business and prospects.

The Provisions on the Acquisition of Domestic Enterprises by Foreign Investors (the “**M&A Provisions**”) issued by six PRC ministries including MOFCOM, effective from September 8, 2006 and further amended on June 22, 2009, provide the rules with which foreign investors must comply should they seek to purchase by agreement the equities of the shareholders of a domestic non-foreign-invested enterprise or subscribe to the increased capital of a domestic non-foreign-invested enterprise, and thus convert the domestic non-foreign-invested enterprise into a foreign invested enterprise to conduct asset merger and acquisition. It stipulates that the business scope upon acquisition of domestic enterprises must conform to the Foreign Investment Industrial Guidance Catalog issued by NDRC and MOFCOM, which restricts the scope of permitted foreign investment. It also provides the takeover procedures for equity interests in domestic companies.

Our PRC legal advisors have advised us that there are uncertainties as to how the M&A Provisions will be interpreted or implemented. If we decide to acquire a PRC company, we cannot assure you that we or the owners of such PRC company can successfully complete all necessary approval requirements under the M&A Provisions. This may restrict our ability to implement any acquisition strategy and materially and adversely affect our business and prospects.

The legal system in the PRC is less developed than in certain other countries and uncertainty with respect to the PRC legal system could affect our operations.

As substantially all of our businesses are conducted, and substantially all of our assets are located, in the PRC, our operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

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

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including the cities in which we operate, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome (“**SARS**”), H5N1 avian flu or the human swine flu, also known as Influenza A (H1N1), or, most recently, the novel coronavirus temporarily named COVID-19 by the World Health Organization. For instance, a serious earthquake and its successive aftershocks hit Sichuan Province in August 2017 and resulted in tremendous loss of lives and destruction of assets in the region. Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC.

In addition, the outbreak of SARS or other virulent contagious diseases, such as the H5N1 avian flu, the human swine flu or the ongoing COVID-19 epidemic, could potentially disrupt our operations if any buyers or sellers in our markets are suspected to have contracted such diseases, and our markets are

identified as a possible source of spreading the contagious disease infection. We may be required to quarantine tenants who are suspected of being infected. The extent to which the coronavirus impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including, among others new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact. We may also be required to disinfect the affected markets and therefore suffer a temporary suspension of operations. Any quarantine of users or suspension of operations at any one of markets is likely to materially and adversely affect our business, financial condition and results of operations.

It may be difficult to enforce any judgments obtained from non-PRC courts against us, our directors or our senior management in the PRC.

Substantially all of our assets are located within the PRC. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for you to enforce any judgments obtained from non-PRC courts against us, any of our directors or our senior management in the PRC.

We cannot guarantee the accuracy of facts, forecasts and other statistics derived from official government publications with respect to the PRC, the PRC economy and the PRC industries that affect our business, which are contained in this Offering Circular.

Facts, forecasts and other statistics in this Offering Circular relating to the PRC, the PRC economy and the PRC industries that affect our business have been derived from various official government publications generally believed to be reliable. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Lead Manager, the Trustee the Paying Agent and the Registrar or any of our or their affiliates or advisors and, therefore, none of them makes any representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between official government publications and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, they might not be stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecasts or statistics.

RISKS RELATING TO THE BONDS, THE BONDS GUARANTEES AND THE SHARES

The Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Bonds, the merits and risks of investing in the relevant Bonds and the information contained or incorporated by reference in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Bonds;
- understand thoroughly the terms of the relevant Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in Bonds which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

We are a holding company and our Initial Subsidiary Guarantors do not currently have significant operations.

We are a holding company with no material operations. We conduct substantially all of our operations through our PRC subsidiaries. Therefore, almost all of our revenue and income (as shown in our consolidated financial information incorporated by reference in this Offering Circular) are attributed to our PRC operating subsidiaries and any contribution from direct operations of the Subsidiary Guarantors are immaterial. The Bonds will not be guaranteed by any current or future PRC subsidiaries. Our primary assets are ownership interests in our PRC subsidiaries, which are held through the Subsidiary Guarantors and certain subsidiaries of the Issuer which do not guarantee the Bonds (the “**Non-Guarantor Subsidiaries**”). The Subsidiary Guarantors do not have material operations. Accordingly, our ability to pay principal and interest on the Bonds and the ability of the Subsidiary Guarantors to satisfy their obligations under the Bond Guarantees will depend upon our receipt of principal and interest payments on the intercompany loans and distributions of dividends from our subsidiaries. We cannot assure you that the Initial Subsidiary Guarantors or any subsidiaries that may become Subsidiary Guarantors in the future will have the funds necessary to satisfy our financial obligations under the Bonds if we are unable to do so.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

Limited Issuance of Shares upon Exercise of Conversion Right

Under the Conditions, the Issuer shall satisfy the exercise of Conversion Rights by the Net Share Settlement Mechanism. Under the Net Share Settlement Mechanism, the number of Shares (if any) deliverable upon an exercise of Conversion Right depends on the then Volume Weighted Average Price (as defined in the Conditions) of the Shares during the Net Share Settlement Calculation Period (as defined in the Conditions). If the Daily Net Shares (as defined in the Conditions) does not exceed an amount equal to one-twentieth of the Converted Bonds (as defined in the Conditions) throughout the Net Share Settlement Calculation Period, the Issuer will not be required to deliver any Shares to the converting Bondholder but only the Cash Conversion Amount. Conversely, if the Daily Net Shares exceeds an amount equal to one-twentieth of the Converted on some or all days during the Net Share Settlement Calculation Period, the Issuer will only be required to deliver Shares and a Cash Conversion Amount to the converting Bondholder as calculated under the Net Share Settlement Mechanism.

Bondholders should therefore note that an exercise of Conversion Right may lead to the delivery of only a limited number of Shares (if any), and not the number of Shares obtained by dividing the principal amount of such Bonds in respect of which the Conversion Rights are being exercised by the then current Conversion Price.

Limitations on the Timing of Exercise of Conversion Right

Under the Conditions, the Conversion Right may only be exercised within a limited two days interval between 20 December 2022 to 21 December 2022 (both dates inclusive) or within a single day at the specified time if (i) the Bonds shall have been called for redemption by the Issuer, (ii) notice of a Relevant Event has been given by the Issuer pursuant to the Conditions, (iii) if the Offer to Purchase has been made by the Issuer pursuant to the Conditions or (iv) the Conversion Right revives pursuant to the Conditions. Bondholders should therefore note in particular the limited availability of the Conversion Right under the Conditions.

Bondholders will have no rights as holders of the Shares prior to conversion of the Bonds but are subject to changes made with respect to the Shares.

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, they will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. However, such Bondholders are subject to all changes affecting the Shares. For example, in the event that an amendment is proposed to the Issuer's Memorandum of Association and Bye-laws (the "Bye-laws") requiring shareholder approval, and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the date of conversion of the Bonds for such Shares and (as applicable) the date of registration by the relevant Bondholder as the holder thereof, that Bondholder would not be entitled to vote on the amendment but would nevertheless be subject to any resulting changes in the powers, preferences or special rights that affect the Shares after conversion.

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

The Issuer will be subject to reporting obligations in respect of the Bonds to be listed on the Hong Kong Stock Exchange. The disclosure standards imposed by the Hong Kong Stock Exchange may be different from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Bonds are accustomed to.

Bondholders may be subject to tax.

Prospective investors of the Bonds are advised to consult their own tax advisors concerning the overall tax consequences of the purchase, ownership, disposition or conversion of the Bonds or the Shares. See "Taxation" for a discussion of tax consequences in certain jurisdictions.

Conversion of the Bonds would dilute the ownership interest of existing shareholders and could also adversely affect the market price of the Shares.

The conversion of some or all of the Bonds will dilute the ownership interests of existing shareholders of the Issuer. Any sales in the public market of the Shares issuable upon such conversion could adversely affect prevailing market prices for the Shares. In addition, the existence of the Bonds may facilitate short selling of the Shares by market participants.

The Issuer and the Subsidiary Guarantors may not have the ability to redeem or repurchase the Bonds.

Bondholders may require the Issuer, subject to certain the Conditions, to redeem for cash all or some of their Bonds upon a Relevant Event as described under the heading "*Terms and Conditions of the Bonds — Redemption — Redemption for Delisting or Suspension of Trading*". In addition, the Issuer is obliged under the Conditions to repurchase all of the outstanding Bonds upon a Change of Control Trigger Event as described under "*Terms and Conditions of the Bonds — Covenants — Repurchase of Notes Upon a Change of Control Triggering Event*". The Issuer or the Subsidiary Guarantors (whom will be required to

may payments pursuant to the Bonds Guarantee) may not have sufficient funds or other financial resources to make the required redemption or repurchase in cash at such time or the ability to arrange necessary financing on acceptable terms, or at all. The Issuer's or the Subsidiary Guarantors' ability to redeem or repurchase the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by the Issuer or the Subsidiary Guarantors would constitute an event of default under the Bonds, which may also constitute a default under the terms or other indebtedness held by the Issuer or the Subsidiary Guarantors.

In addition, the Issuer's other indebtedness, including certain outstanding notes, may trigger repayment requirements or events of default with respect to certain events or transactions that could constitute a Change of Control Triggering Event (as defined in the Conditions). Future debt of the Issuer and the Subsidiary Guarantors may also (1) prohibit us from repurchasing or purchasing Bonds 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 or purchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Bondholders of their right to require us to repurchase or purchase the Bonds could cause a default under our or our subsidiaries other indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of the repurchase or purchase on the Issuer and its subsidiaries.

Further, the definition of "Change of Control" in the Terms and Conditions of the Bonds does not necessarily afford protection for the holders of the Bonds in the event of some highly leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations, although these types of transactions could increase the Group's indebtedness or otherwise affect its capital structure or credit ratings. The definition of "Change of Control" for purposes of the Terms and Conditions of the Bonds 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 this phrase, there is no precise established definition under applicable law. Accordingly, the Issuer's obligation to make an offer to purchase the Bonds, and the ability of holders to require the Issuer to purchase the Bonds pursuant to the offer as a result of a highly-leveraged transaction or a sale of less than all of the Group's assets, may be uncertain.

There are circumstances under which the Bonds Guarantees will be released automatically without investors' consent.

Under various circumstances, a Bonds Guarantee of a Subsidiary Guarantor will be released automatically, including:

- upon the simultaneous release of such Subsidiary Guarantors from its relevant obligations in respect of or upon the maturity of the 2022 Notes and the 2023 Notes (or any Refinancing Indebtedness (as defined in the Conditions)) or any Relevant Indebtedness; or
- as described under "*Terms and Conditions of the Bonds — Meetings of Bondholders, Modification, Waiver and Substitution.*"; or
- upon repayment of the Bonds in full or full conversion of the Bonds.

The Bonds may be redeemed at the option of the Issuer, which may adversely affect the trading price and liquidity of the Bonds and may subject Bondholders to reinvestment risks.

The Bonds may be redeemed at the Issuer's option prior to the Maturity Date at their principal amount together with accrued and unpaid interest. See "*Terms and Conditions of the Bonds — Redemption — Redemption at the Option of the Issuer*" and "*Terms and Conditions of the Bonds — Redemption — Redemption for Taxation Reasons*". As a result, the trading price of the Bonds may be affected when this option of the Issuer becomes exercisable. Accordingly, Bondholders may not be able to sell their Bonds at an attractive price, thereby having a material adverse effect on the trading price and liquidity of the Bonds. In addition, the proceeds from the redemption of the Bonds may be reinvested by the Bondholders and the Bondholders may thereby be subject to additional risks associated to such reinvestment.

The Bonds are redeemable in the event of certain withholding taxes being applicable.

No assurances are made by the Issuer as to whether or not all payments made by the Issuer or, as the case may be, any Subsidiary Guarantor, under or in respect of the Bonds, the Bonds Guarantee, the Trust Deed or the Agency Agreement will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Hong Kong or Bermuda, or within any jurisdiction in which the Issuer or any Subsidiary Guarantor, as the case may be, is organised or resident for tax purposes or engaged in business for tax purposes or any authority thereof or therein having power to tax or through which payment by or on behalf of the Issuer or a Subsidiary Guarantor is made or any political subdivision or taxing authority thereof or therein (the “**Relevant Tax Jurisdiction**”).

Although pursuant to the Terms and Conditions of the Bonds, the Issuer or, as the case may be, any Subsidiary Guarantor, is required to gross up payments in respect of the Bonds at their principal amount together with accrued and unpaid interest on account of any such withholding taxes or deductions, the Issuer also has the right to redeem the Bonds at any time in the event it (or if the Bonds Guarantees were called, any Subsidiary Guarantor) has or will become obliged to pay additional amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Relevant Tax Jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 8 December 2021.

The Issuer is a holding company and will depend on payments from its subsidiaries to provide it with funds to meet its obligation under its existing indebtedness and the Bonds.

The Issuer is a holding company with no material business operations of its own and it conducts operations through its subsidiaries. As such, the Issuer will depend on the receipt of dividends and the interest or principal payments on intercompany loans or advances from its subsidiaries to pay dividends to the Issuer’s shareholders and to satisfy its obligations, including its obligations under its existing outstanding notes and the Bonds. The ability of the Issuer’s subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders, including the Issuer, is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, restrictions contained in relevant debt instruments, and applicable laws. In addition, if any of the Issuer’s subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to the Issuer to make payments due on the Bonds or pay dividends to its shareholders. These restrictions could reduce the amounts that the Issuer receives from its subsidiaries, which would restrict the Issuer’s ability to satisfy its obligations under the Bonds.

In particular, the Issuer’s receipt of dividends from its PRC subsidiaries is subject to PRC laws and regulations. PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with HKFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. The Issuer’s PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends by the board of directors. In addition, since January 1, 2008, dividends paid by the Issuer’s PRC subsidiaries to their non-PRC parent companies are subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. In addition, according to PRC regulations issued by SAFE, the Issuer’s PRC subsidiaries are only permitted to declare and distribute dividends after the completion of a financial year. Also, pursuant to the articles of association of some of the Issuer’s PRC subsidiaries, dividends may only be declared and distributed annually. As a result of such limitations, there could be timing limitations on payments from the Issuer’s PRC subsidiaries to meet payments required by the Bonds, and there could be restrictions on payments required to redeem the Bonds at maturity or as required for any early redemption or repurchase.

Furthermore, in practice, the market interest rate that the Issuer's PRC subsidiaries can pay with respect to offshore loans generally may not exceed comparable interest rates in the international finance markets. The interest rates on shareholders' loans paid by the Issuer's subsidiaries, therefore, are likely to be lower than the interest rate for the Bonds. The Issuer's PRC subsidiaries are also required to pay a 10% or lower treaty rate withholding tax on the Issuer's behalf on the interest paid under any shareholders' loans. PRC regulations require approval by SAFE prior to any of the Issuer's non-PRC subsidiaries making shareholder loans in foreign currencies to the Issuer's PRC subsidiaries and require such loans to be registered with SAFE. Prior to payment of interest and principal on any such shareholder loan, the PRC subsidiaries must present evidence of payment of the withholding tax on the interest payable on any such shareholder loan and evidence of registration with SAFE, as well as any other documents that SAFE or its local branch may require.

Accordingly, the Issuer might not have sufficient cash flow from dividends or payments on intercompany loans or advances from its subsidiaries to satisfy its obligations under the Bonds.

The PRC government has imposed restrictions on the ability of onshore real estate developers to receive offshore funds, which could impair the Issuer's ability to make timely payments of interest and principal under the Bonds.

According to PRC rules and regulations relating to supervision of foreign debt, loans by foreign companies to their subsidiaries in China, such as the Issuer's PRC subsidiaries established as foreign-invested enterprises in China, are considered foreign debt, and such loans must be registered with the relevant local branches of SAFE. Such rules and regulations also provide that the total outstanding amount of such foreign debt borrowed by any foreign-invested enterprise may not exceed the difference between its total investment and its registered capital, each as approved by the relevant PRC authorities. In July 2007, the General Affairs Department of SAFE issued the Circular on Distribution of List of the First Group of Foreign-Invested Real Estate Projects Filed with MOFCOM. Under this circular, local branches of SAFE shall not register any foreign debt of a foreign-invested real estate enterprise that obtained approval for incorporation or capital increase from the local branches of MOFCOM and filed with MOFCOM on or after June 1, 2007. In addition, the local branches of SAFE shall not process any foreign exchange registration (or amendment of registration) or foreign exchange settlement for capital account items for a foreign-invested real estate enterprise that was approved by the relevant local branches of MOFCOM on or after June 1, 2007, but has not been filed with MOFCOM.

Foreign-invested enterprises include joint ventures and wholly foreign-owned enterprises established in China, such as most of the Issuer's PRC subsidiaries. Although the Issuer intends to use the proceeds from this offering for refinance certain existing offshore indebtedness and general working capital, any proceeds used for production facilities and acquisitions in China may only be transferred to the Issuer's PRC subsidiaries as equity investments and not as loans. The Issuer would therefore have to rely on dividend payments from its PRC subsidiaries, and no assurance could be given that dividend payments will be available on each interest payment date to pay the interest due and payable under the Bonds, on the maturity date to pay the principal of the outstanding Bonds, at the time of the occurrence of any Change of Control Triggering Event to make purchases of outstanding Bonds or at the time of an early redemption.

Further, the PRC government could introduce new policies that further restrict the Issuer's ability to deploy, or that prevent the Issuer from deploying in the PRC, the funds raised outside China. Therefore, the Issuer may not be able to use all or any of the capital that it raises outside China as intended.

The Bonds and the Bonds Guarantees will be structurally subordinated to the liabilities of the Issuer's Non-Guarantor Subsidiaries.

Not all of the Issuer's existing subsidiaries will guarantee the Bonds. The Bonds will not be guaranteed by any current or future PRC subsidiaries. In addition, although the Trust Deed governing the Bonds will generally require the Issuer's future subsidiaries to become Subsidiary Guarantors, there are important exceptions to this requirement. See "*Terms and Conditions of the Bonds — Additional Bond Guarantees*".

The Non-Guarantor Subsidiaries will not have any obligations to pay amounts due under the Bonds or to make funds available for that purpose. Generally, claims of creditors of a Non-Guarantor Subsidiary, including trade creditors and preference shareholders (if any), will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity, including claims by holders of the Bonds under the Bonds or the Bonds Guarantees. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of the Non-Guarantor Subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. As such, the Bonds and the Bonds Guarantees will be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of the Issuer's Non-Guarantor Subsidiaries.

The Bonds Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair their enforceability.

Although laws differ among jurisdictions, under bankruptcy, fraudulent transfer, insolvency or similar laws, a Bonds Guarantee could be voided if, among other things, the relevant Subsidiary Guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its Bonds 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 Bonds Guarantee in a position which, in the event of the relevant Subsidiary Guarantor's insolvency, would be better than the position the beneficiary would have been in had the Bonds Guarantee not been given;
- received less than the reasonably equivalent value or fair consideration for the incurrence of such Bonds Guarantee;
- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which the relevant 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 laws of the jurisdiction which are being applied. Generally, however, a guarantor would be considered insolvent at a particular time if it were unable to pay its debts as they fell due or if the sum of its debts were greater than all of its property at a fair valuation or if the present fair saleable value of its assets were less than the amount that would be required to pay its probable liabilities in respect of its existing debt as it became absolute and matured or abandonment of the head office of a guarantor or dissipation of assets, fraudulent incurrence of credits or any other abusive procedure that reveals the intention of a guarantor not to comply with its obligations.

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

In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the relevant Subsidiary Guarantor under the Bonds Guarantees will be limited to the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Bonds Guarantee, as it relates to such Subsidiary Guarantor, voidable under such applicable insolvency or fraudulent transfer laws.

If a court voided a Bonds Guarantee, subordinated such Bonds Guarantee to other indebtedness of any relevant Subsidiary Guarantor, or held the Bonds Guarantee unenforceable for any other reason, holders of the Bonds would cease to have a claim against such relevant Subsidiary Guarantor based upon such Bonds Guarantee and would solely be creditors of the Issuer and any relevant Subsidiary Guarantor whose Bonds Guarantee was not voided or held unenforceable. There can be no assurance that, in such an event, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Bonds.

The Bonds will not be guaranteed by existing or future PRC subsidiaries.

None of the Issuer's current or future PRC subsidiaries, which are the Issuer's operating subsidiaries, will provide a guarantee for the Bonds either upon issuance of the Bonds or at any time thereafter. No future subsidiaries that are organized under the laws of the PRC will provide a guarantee for the Bonds at any time in the future. As a result, the Bonds will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of the PRC subsidiaries.

No assurance could be given that the Initial Subsidiary Guarantors (as defined in the Conditions) or any subsidiaries that may become Subsidiary Guarantors in the future will have the funds necessary to satisfy the Issuer's financial obligations under the Bonds if it is unable to do so.

The insolvency laws of Bermuda, the British Virgin Islands and Hong Kong and other local insolvency laws may differ from those of other jurisdictions with which the holders of the Bonds are familiar.

Because the Issuer is incorporated under the laws of Bermuda, any insolvency proceeding relating to the Issuer may involve Bermuda insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

In addition, the Initial Subsidiary Guarantors are incorporated in the British Virgin Islands and Hong Kong and the insolvency laws of those jurisdictions, and the jurisdictions of any future Subsidiary Guarantors, may also differ from the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

Investors should analyse the risks and uncertainties carefully before investing in the Issuer's Bonds.

If the Issuer, the Subsidiary Guarantors or any of their respective subsidiaries is unable to comply with the restrictions and covenants in their respective debt agreements, there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated.

If the Issuer, the Subsidiary Guarantors or any of their respective subsidiaries is unable to comply with the restrictions and covenants in its current or future debt 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, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. As a result, the Issuer's or the Subsidiary Guarantors' default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under its other debt agreements. If any of these events occur, there is no assurance that the Issuer's or the Subsidiary Guarantors' assets and cash flow would be sufficient to repay in full all of its indebtedness, or that the Issuer or the Subsidiary Guarantors would be able to find alternative financing. Even if the Issuer or the Subsidiary Guarantors could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable to the Issuer or the Subsidiary Guarantors.

An active trading market for the Bonds may not develop, and there are restrictions on resale of the Bonds.

The Bonds are a new issue of securities for which there is currently no trading market. Although application for the listing of the Bonds has been submitted to the Hong Kong Stock Exchange, there is no

assurance that the Issuer will be able to maintain a listing on the Hong Kong Stock Exchange, or that, if listed, a liquid trading market will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's business, and the trading prices of similar securities. The Lead Manager is not obliged to make a market for the Bonds. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of Bonds.

If an active trading market were to develop, the Bonds could trade at a price that may be lower than the initial offering price of the Bonds. Whether or not the Bonds will trade at lower prices depends on many factors, including:

- prevailing interest rates and the market for similar securities;
- general economic, market and political conditions;
- the Group's financial condition, financial performance and future prospects;
- the publication of earnings estimates or other research reports and speculation in the press or the investment community in relation to the Group; and
- changes in the industry and competition affecting the Group.

Furthermore, historically, the market for debt by issuers in Asia and emerging markets has been subject to disruptions that have caused substantial volatility in the prices of such securities. The market for the Bonds may be subject to similar volatility or disruptions, which may adversely affect the price and liquidity of the Bonds.

Securities laws restrictions on the resale and conversion of the Bonds and the resale of the Shares issuable upon their conversion may impact investors' ability to sell the Bonds.

The Issuer has not registered the Bonds, the Bonds Guarantees or the Shares issuable upon conversion of the Bonds under the Securities Act or other securities laws. Unless and until the Bonds, the Bonds Guarantees and the Shares issuable upon conversion of the Bonds are registered, they may not be offered or sold or resold except in transactions that are exempt from the registration requirements of the Securities Act and hedging transactions may not be conducted unless in compliance with the Securities Act. The Bonds, the Bonds Guarantees and the Shares issuable upon conversion of the Bonds thereof will not be freely tradable absent registration or an exemption from registration.

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

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Group's revenues, earnings and cash flows, proposals for new investments, strategic alliances and/ or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to its industry and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

Holders will bear the risk of fluctuations in the price of the Shares.

The market price of the Bonds at any time will be affected by fluctuations in the price of the Shares. The Shares are currently listed on the Hong Kong Stock Exchange.

Further issuances, offers or sales of, or the real or perceived possibility of further issuances, offers or sales of a significant number of additional Shares or securities convertible or exchangeable into or

exercisable for the Shares or any securities or financial instruments whose economic value is determined directly or indirectly by reference to the market price of the Shares could adversely affect prevailing market prices for the Shares and have an impact on the market price of the Bonds. It is difficult to predict the effect, if any, that sales of Shares, including sales or transfers of large positions held by institutional and corporate investors, or the availability of the Shares for future sale, will have on the market price of the Shares and the Bonds. In addition, the market price of the Bonds will at any time be affected by fluctuations in the price of the Shares. The price of the Shares may be adversely or positively influenced by, among other things, the Group's results of operations and other political, economic and financial factors that can affect the capital markets and general market sentiments. Corporate events such as share sales, reorganisations, takeovers or share buy-backs may also adversely affect the value of the Shares. Any decline in the price of the Shares would adversely affect the secondary market price of the Bonds.

The issuance of the Bonds may result in downward pressure on the market price of the Shares.

Many investors in convertible bonds seek to hedge their exposure in the underlying equity securities, often through short selling the underlying equity securities or similar transactions. Any short selling or similar hedging activity could place significant downward pressure on the market price of the Shares, thereby having a material adverse effect on the market value of the Shares as well as on the trading price of the Bonds.

Holders have limited anti-dilution protection.

The Initial Conversion Price will be adjusted in the event that there is a sub-division, consolidation or redenomination, rights issues, bonus issue, capital distribution, Change of Control, Free Float Event or other adjustment, but only in the circumstances and only to the extent provided in "*Terms and Conditions of the Bonds — Conversion — Adjustments to Conversion Price*" and "*Terms and Conditions of the Bonds — Conversion — Adjustment upon Change of Control or Free Float Event*". There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Shares. Events in respect of which no adjustment is made may adversely affect the value of the Shares and, therefore, adversely affect the value of the Bonds.

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

In certain circumstances, including without limitation the giving of notice to the Issuer pursuant to Condition 10 and/or the taking of enforcement proceedings pursuant to Condition 12, the Trustee may request Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if it is not first indemnified and/or secured and/ or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed and/or 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 or regulations, it will be for the Bondholders to take such actions directly.

The Bonds and the Bonds Guarantees are unsecured obligations and will be effectively subordinated to the Issuer's and the Subsidiary Guarantors' secured indebtedness. The Issuer may incur substantial amounts of secured debt.

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer ranking *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds rank at least equally with all its other present or future direct, unconditional, unsubordinated and unsecured obligations, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4. The Bonds Guarantees will, similarly, constitute direct, unconditional, unsubordinated and unsecured obligations of each Subsidiary Guarantor and shall,

save for such exceptions as may be provided by applicable legislation, rank at least equally with all of their respective other present and future direct, unconditional, unsubordinated and unsecured obligations.

Additionally, the Issuer has certain existing outstanding notes, which permits (other than in certain limited cases) the Issuer, the Subsidiary Guarantors and the Issuer's other subsidiaries from incurring indebtedness that is secured by liens over property and assets that do not also secure the Bonds and Bonds Guarantees.

In the event of any bankruptcy, liquidation, reorganization, rehabilitation, dissolution, winding-up or other insolvency proceedings of the Issuer or any Subsidiary Guarantors, the rights of the holders of the Bonds to participate in the assets of the Issuer or such Subsidiary Guarantor will rank behind the claims of secured creditors, including trade creditors, if any, and the remaining assets may be insufficient to pay amounts due on the Bonds.

Modification and waivers of the Conditions may be made in respect of the Conditions and the Trust Deed by majority Bondholders or the Trustee, and decisions may be made on behalf of all Bondholders which are binding on all Bondholders and may be adverse to the interests of the individual Bondholders.

The Conditions contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including those Bondholders who did not attend and vote at the relevant meeting and those Bondholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of the Bondholders may be adverse to the interests of the individual Bondholders.

The Conditions also provide that the Trustee may, without the consent of Bondholders, agree to:

- (a) any modification of any of the provisions of the Trust Deed, the Agency Agreement and/or the Conditions that is, in the Trustee's opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law; and
- (b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Conditions, the Trust Deed and/or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders.

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

There may be less publicly available information about companies listed in Hong Kong than is regularly made available by public companies in certain other countries. In addition, the financial information in this Offering Circular has been prepared in accordance with HKFRS, which differ in certain respects from generally accepted accounting principles in other jurisdictions, or other GAAPs, which might be material to the financial information contained in this Offering Circular. The Issuer has not prepared a reconciliation of its consolidated financial statements and related footnotes between HKFRS and other GAAPs. In making an investment decision, investors must rely upon their own examination of the Group, the terms of the offering and the Group's financial information. Investors should consult their own professional advisers for an understanding of the differences between HKFRS and other GAAPs and how those differences might affect the financial information contained in this Offering Circular.

The Bonds will initially be represented by the Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System.

The Bonds will initially be represented by the Global Certificate. Such Global Certificate will be deposited with a common depository for Euroclear and Clearstream (each of Euroclear and Clearstream, a “Clearing System” and together the “**Clearing Systems**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the common depository for the Clearing Systems, for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Company has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

The risks described above do not necessarily comprise all those faced by the Group and are not intended to be presented in any assumed order of priority.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds.

The issue of the US\$250,000,000 in aggregate principal amount of 8.00% convertible bonds due 2023 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) of Hopson Development Holdings Limited 合生創展集團有限公司 (the “**Issuer**”) and the right of conversion into Shares (as defined in Condition 6(A)(v)) was authorised by a resolution of the board of directors of the Issuer on 3 December 2021 and the guarantee of the Bonds was authorised by resolutions or minutes, as the case may be, of the board of directors of the Initial Subsidiary Guarantors (as defined in Condition 1(B)) on 3 December 2021. The Bonds are constituted by a trust deed (as amended or supplemented from time to time, the “**Trust Deed**”) dated on or around 10 January 2022 (the “**Issue Date**”) made between the Issuer, the Initial Subsidiary Guarantors and The Hongkong and Shanghai Banking Corporation Limited as trustee for the holders (as defined below) of the Bonds (the “**Trustee**”, which expression shall include all persons for the time being acting as trustee or trustees under the Trust Deed). The Bonds are guaranteed by the Initial Subsidiary Guarantors in accordance with these terms and conditions (the “**Conditions**”) and the Trust Deed. The Conditions include summaries of and are subject to the detailed provisions of the Trust Deed and the Agency Agreement (as defined below). The Bondholders (as defined below) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed, and are deemed to have notice of and are bound by all of the provisions of the paying, conversion and transfer agency agreement dated on or around 10 January 2022 (the “**Agency Agreement**”) relating to the Bonds made between the Issuer, the Initial Subsidiary Guarantors, the Trustee, The Hongkong and Shanghai Banking Corporation Limited as principal paying and conversion agent (the “**Principal Agent**”), as registrar (the “**Registrar**”) and as transfer agent (the “**Transfer Agent**”) and the other paying, conversion and transfer agents appointed under it (each a “**Paying Agent**”, “**Conversion Agent**” and together with the Registrar, the Transfer Agent and the Principal Agent, the “**Agents**”) relating to the Bonds. References to the “**Principal Agent**”, “**Registrar**” and “**Agents**” below are references to the principal paying and conversion agent, registrar and agents for the time being for the Bonds. Unless otherwise defined, terms used in these Conditions have the meaning specified in the Trust Deed. Copies of the Trust Deed and the Agency Agreement are available for inspection by the Bondholders with prior written notice and satisfactory proof of holding between 9:00 a.m. and 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays) at the specified office for the time being of the Principal Agent located at Level 24, HSBC Main Building, 1 Queen’s Road Central, Hong Kong.

1. Status and Bond Guarantees

(a) Status

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of the Issuer’s other present and future direct, unconditional, unsubordinated and unsecured obligations.

(b) Bond Guarantees

Each Initial Subsidiary Guarantor has unconditionally and irrevocably guaranteed, on a joint and several basis, the due and punctual payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed.

Each Subsidiary Guarantor's obligations in the above respect (the "**Bond Guarantees**") are contained in the Trust Deed. Each Bond Guarantee constitutes direct, unconditional, unsubordinated and unsecured obligations of each Subsidiary Guarantor, respectively. The payment obligations of each Subsidiary Guarantor under their respective Bond Guarantees shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all their respective other present and future direct, unconditional, unsubordinated and unsecured obligations.

The Initial Subsidiary Guarantors as at the Issue Date are Archibald Properties Limited 愛寶置業有限公司, Best Ahead Investment Holdings Limited 卓領投資控股有限公司, Dawn Sino Limited 旭漢有限公司, Funland Properties Limited 奔騰置業有限公司, Hopson Capital International Group Co Ltd 合生資本國際集團有限公司, Hopson Development (Consultants) Limited 合生創展(顧問)有限公司, Hopson Development International Limited 合生創展國際有限公司, Hopson International Holdings Group Limited 合生國際控股集團有限公司, Hopson International Hotel Management (Group) Limited 合生國際酒店管理(集團)有限公司, Hopson Properties (China) Limited 合生中國房地產有限公司, Lee Shing Limited 利成有限公司, Nambour Properties Limited 南博置業有限公司, Outward Expanse Investments Limited 廣大投資有限公司, Pomeroy Properties Limited 邦萊置業有限公司, Shine Wealth Consultants Limited 亮豐顧問有限公司, Sun Advance Investments Limited 日進投資有限公司, Sun Excel Investments Limited 日佳投資有限公司, Taijing Infrastructure Limited 泰景基建有限公司, Timbercrest Properties Limited 添百置業有限公司, Tumen Properties Limited 祥能置業有限公司, Able Advance Limited 晴賢有限公司, Ace Super Investments Limited 全都投資有限公司, Add Result Limited 協元有限公司, Addup International Limited 永熹國際有限公司, Better Win Group Limited 明得集團有限公司, Bright Day Group Limited 美添集團有限公司, Dynawell Investment Limited 頓和投資有限公司, Ever New Properties Limited 恒新置業有限公司, Fine Genius Investments Limited 至友投資有限公司, Fine Team Group Limited 晴軒集團有限公司, Gain State Holdings Limited 明凱控股有限公司, Glory Park Investments Limited 明賢投資有限公司, Grace City Investments Limited 友天投資有限公司, Grand Avenue Investments Limited 恩興投資有限公司, Grand Avenue Limited 勁途有限公司, Happy Genius Investments Limited 鋒明投資有限公司, High Pitch Investments Limited 天奧投資有限公司, Hopson Holdings Limited 合生集團有限公司, Hopson Capital Hong Kong Limited 合生資本香港有限公司, Hopson Capital International Limited 合生資本國際有限公司, Hopson Development (Properties) Limited 合生創展(置業)有限公司, Hopson Holdings Group Limited 合生控股集團有限公司, Huge Rise Holdings Limited 康旺控股有限公司, Hugejoy Investments Limited 嘉翔投資有限公司, Joyview Investments Limited 益上投資有限公司, Karworld Holdings Limited 嘉和集團有限公司, Max Clear Investments Limited 先卓投資有限公司, Prestige Dragon Development Limited 譽龍發展有限公司, Right Strong International Limited 信能國際有限公司, Rise Bright Group Limited 榮悅集團有限公司, Size Up Investments Limited 廣都投資有限公司, Smart Auto Investments Limited 志迅投資有限公司, Smart Master Group Limited 昌遠集團有限公司, Trisum Investment Limited 豐深投資有限公司 and World Sense Industries Limited 滙生實業有限公司 ("**Initial Subsidiary Guarantors**"). These Initial Subsidiary Guarantors consist of all of the Issuer's subsidiaries (as defined in Condition 4) that guarantee the 2022 Notes and the 2023 Notes. Subject to Condition 1(C) and the Trust Deed, the Issuer shall cause any future Subsidiary that guarantees (a) the 2022 Notes or the 2023 Notes (including any indebtedness of the Issuer or Hopson Capital International Group Co Ltd 合生資本國際集團有限公司, as applicable, issued in exchange for, or the net proceeds of which are used to refinance, refund, replace, exchange, renew, repay, defease, discharge or extend the 2022 Notes or the 2023 Notes (the "**Refinancing Indebtedness**") and/or (b) any Relevant Indebtedness to become an additional Subsidiary Guarantor of the Bonds. An existing Subsidiary Guarantor may be released from being a Subsidiary Guarantor subject to the release conditions expressed in Condition 1(D) and the Trust Deed.

Each Bond Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering that Bond Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally.

(c) ***Additional Bond Guarantees***

The Issuer will cause each future Subsidiary that guarantees (a) the 2022 Notes or the 2023 Notes (including the Refinancing Indebtedness) and/or (b) any Relevant Indebtedness, immediately upon becoming a guarantor under (a) the 2022 Notes or the 2023 Notes (or such Refinancing Indebtedness) and/or (b) any Relevant Indebtedness, to execute and deliver to the Trustee a deed supplemental to the Trust Deed pursuant to which such guarantor will become a Subsidiary Guarantor.

(d) ***Releases***

(i) The Bond Guarantee of a Subsidiary Guarantor will be released and such Subsidiary Guarantor will be released of any obligations under the Bond Guarantee, the Bonds and the Trust Deed:

(A) upon the simultaneous release of such Subsidiary Guarantors from its relevant obligations in respect of or upon the maturity of the 2022 Notes and the 2023 Notes (or any Refinancing Indebtedness) or any Relevant Indebtedness; or

(B) upon repayment of the Bonds in full or full conversion of the Bonds.

(ii) No release of a Subsidiary Guarantor from the relevant Bond Guarantee shall be effective against the Trustee, any Agent or the Bondholders (i) if a Default or Event of Default shall have occurred and be continuing as of the time of such proposed release and discharge until such time as such Default or Event of Default is cured or waived and (ii) until the Issuer has delivered to the Trustee an Officers' Certificate stating that all conditions precedent relating to such release and discharge have been complied with and that such release and discharge is authorised and permitted by these Conditions and the Trust Deed. The Trustee shall be entitled to accept and conclusively rely upon such certificate without investigation or enquiry as sufficient evidence of the satisfaction of the conditions precedent to the release of a Subsidiary Guarantor from the relevant Bond Guarantee, in which event it shall be conclusive and binding on the Bondholders. The Trustee will not be responsible for any loss occasioned by acting in reliance on such certificate. The Trustee is not obligated to investigate or verify any information in such certificate and shall not be liable to the Bondholders or any other person for doing so.

Any Subsidiary Guarantor not released from its obligations under its Bond Guarantee as provided in this Condition 1(D) will remain liable for the full amount of principal of, premium, if any, on, and interest, if any, on, the Bonds and for the other obligations of any Subsidiary Guarantor under these Conditions and the Trust Deed.

For the purposes of these Conditions:

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Officer” means one of the executive officers of the Issuer or, as the case may be, in the case of a Subsidiary Guarantor, one of the directors or executive officers of such Subsidiary Guarantor.

“**Officers’ Certificate**” means a certificate signed by two Officers; provided, however, with respect to any Officers’ Certificate required to be delivered by the Issuer or any Subsidiary Guarantor under these Conditions, Officers’ Certificate means a certificate signed by one Officer if there is only one Officer in respect of the Issuer or such Subsidiary Guarantor at the time such certificate is required to be delivered.

“**Subsidiary Guarantor**” means (1) the Initial Subsidiary Guarantors; and (2) any other Subsidiary of the Issuer that in the future provides a Bond Guarantee in accordance with these Conditions and the Trust Deed, and their respective successors and assigns, in each case, until the relevant Bond Guarantee of such Person has been released in accordance with these Conditions the Trust Deed.

2. **Form, Denomination and Title**

(a) *Form and Denomination*

The Bonds are issued in registered form in the denomination of US\$200,000 each and integral multiples of US\$1,000 thereof (the “**Authorised Denomination**”). A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

Upon issue, the Bonds will be represented by a Global Certificate deposited with and registered in the name of a nominee of a common depositary for Euroclear and Clearstream. The Conditions are modified by certain provisions contained in the Global Certificate while any of the Bonds are represented by the Global Certificate. See “The Global Certificate”.

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

(b) *Title*

Title to the Bonds passes only by transfer and registration in the Register as described in Condition 3. The holder of any Bond will (except as otherwise required by law or ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first named thereof).

3. **Transfers of Bonds; Issue of Certificates**

(a) *Register*

The Issuer will cause the Register to be kept at the specified office of the Registrar outside the United Kingdom and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(b) *Transfer*

Subject to Conditions 3(E) and 3(F) and the terms of the Agency Agreement, a Bond may be transferred by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back of such Certificate duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of either the Registrar or any of the Transfer Agents, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of the transfer; **provided, however, that** a Bond may not be transferred unless the principal amount of the Bond transferred and (where not all of the Bonds held by the holder are being transferred) the principal amount of the balance of the Bonds not so transferred, is an Authorised Denomination. Where not all Bonds represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonds will be issued to the transferor. No transfer of title to a Bond will be valid unless and until entered on the Register.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(c) *Delivery of New Certificates*

Each new Certificate to be issued upon a transfer or (if applicable) conversion of Bonds will, within five business days (as defined below) of receipt by the Registrar or, as the case may be, any other relevant Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer. The Registrar will, within five business days of receipt by the Registrar or any other relevant Agent of the documents above, register the transfer in question.

Except in the limited circumstances described herein (see "The Global Certificate"), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, converted or redeemed, a new Certificate in respect of the Bonds not so transferred, converted or redeemed will, within five business days of delivery of the original Certificate to the Registrar or other relevant Agent, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted or redeemed (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

For the purposes of this Condition 3, Condition 4 and Condition 6, "**business day**" shall mean a day other than a Saturday, Sunday or public holiday on which banks are open for business in the city in which the specified office of the Registrar and the Transfer Agent (if a Certificate is deposited with it in connection with a transfer) or the Conversion Agent with whom a Certificate is deposited in connection with a conversion, is located.

(d) *Formalities Free of Charge*

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer, the Registrar or any of the Transfer Agents, but (i) upon payment (or the giving of such indemnity as the Issuer, the Registrar or such Transfer Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer and (ii) subject to Condition 3(F).

(e) *Closed Periods*

No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the dates for payment of any principal pursuant to the Conditions; (ii) after a Conversion Notice (as defined in Condition 6(B)(i)) has been delivered by such Bondholder with respect to a Bond; (iii) after a Relevant Event Redemption Notice (as defined in Condition 8(D)) has been deposited by such Bondholder in respect of such Bond pursuant to Condition 8(D); (v) during the period of 15 days ending on (and including) any date of redemption pursuant to Condition 8(B) and 8(C); and (vi) during the period of 15 days ending on (and including) any Interest Record Date (as defined in Condition 7(A)). Each such period is a “**Closed Period**”.

(f) *Regulations*

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement (the “**Regulations**”). The Regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current Regulations will be made available for inspection by the Registrar to any Bondholder upon written request and satisfactory proof of holding.

4. Covenants

(a) *Negative Pledge*

(i) The Issuer undertakes that, so long as any of the Bonds remains outstanding (as defined in the Trust Deed) or any amount is due under or in respect of any Bond or otherwise under the Trust Deed, it will not, and will procure that none of its Restricted Subsidiaries will, incur, assume or permit to exist any Encumbrance of any nature whatsoever on (a) any of its assets or properties of any kind, whether owned at the Issue Date or thereafter acquired or (b) the Capital Stock of any Subsidiary Guarantor to secure any Relevant Indebtedness of the Issuer or any Restricted Subsidiary or to secure any guarantee of or indemnity in respect of any such Relevant Indebtedness unless:

(A) the Relevant Indebtedness secured by such Encumbrance is subordinated in right of payment to the Bonds;

(B) such Encumbrance is created to refinance existing secured indebtedness, **provided that** such Encumbrances do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary other than the property or assets securing the indebtedness being refinanced; or

- (C) at the same time or prior thereto, the Issuer's obligations under the Bonds and the Subsidiary Guarantors' obligations under the Bond Guarantees are secured equally and rateably with the obligations so secured until such time as such other obligations are no longer secured by an Encumbrance or, at the option of the Issuer by such other security as the Bondholders by Extraordinary Resolution may approve.

(b) *Repurchase of Notes Upon a Change of Control Triggering Event*

- (i) Not later than 30 days following a Change of Control Triggering Event, the Issuer will make an Offer to Purchase all outstanding Bonds (a "**Change of Control Offer**") at a purchase price equal to the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.
- (ii) The Issuer 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 this Condition 4(B).
- (iii) Notwithstanding the foregoing, the Issuer will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in these Conditions applicable to a Change of Control Offer made by the Issuer and purchases all Bonds validly tendered and not withdrawn under such Change of Control Offer.
- (iv) The Trustee shall not be required to take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to the occurrence of a Change of Control Triggering Event has occurred and shall not be liable or responsible to any person for any failure to do so.
- (v) On one business day prior to the Offer to Purchase Payment Date, the Issuer shall deposit with the Paying Agent money sufficient to pay the purchase price of all Bonds or portions thereof so accepted. On the Offer to Purchase Payment Date, the Issuer shall (a) accept for payment, on a pro rata basis, Bonds or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Bonds or portions thereof so accepted together with an Officers' Certificate specifying the Bonds or portions thereof accepted for payment by the Issuer. The Paying Agent shall promptly send to the Bondholders of the Bonds so accepted payment in an amount equal to the purchase price, and the Registrar shall promptly authenticate and send to such Bondholders a new Bond equal in principal amount to any unpurchased portion of the Bond surrendered; provided that each Bond purchased and each new Bond issued shall be in an Authorized Denomination. The Issuer will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Issuer will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Issuer is required to repurchase Bonds pursuant to an Offer to Purchase.
- (vi) To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Conditions governing any Offer to Purchase, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under these Conditions by virtue of such compliance.

- (vii) The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Issuer and its subsidiaries which the Issuer in good faith believes will assist such Bondholders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Issuer to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Bondholders to tender Bonds pursuant to the Offer to Purchase.

In these Conditions:

“**2022 Notes**” means an aggregate principal amount of HK\$720,000,000 (and the Additional Notes (as defined in the 2022 Notes Indenture) 5.250% Senior Notes due 2022 issued by Hopson Capital International Group Co Ltd 合生資本國際集團有限公司 pursuant to the 2022 Notes Indenture;

“**2023 Notes**” means an aggregate principal amount of US\$200,000,000 (and the Additional Notes (as defined in the 2023 Notes Indenture) 6.8% Senior Notes due 2023 issued by the Issuer pursuant to the 2023 Notes Indenture;

“**2022 Notes Indenture**” means the indenture dated 21 July 2021 between Hopson Capital International Group Co Ltd 合生資本國際集團有限公司, the guarantors named therein and The Hongkong and Shanghai Banking Corporation Limited governing the 2022 Notes, as amended and/or supplemented from time to time;

“**2023 Notes Indenture**” means (i) the indenture dated 28 June 2021 between the Issuer, the guarantors named therein and The Hongkong and Shanghai Banking Corporation Limited governing the 2023 Notes, as amended and/or supplemented from time to time; “**Affiliate**” means, with respect to any Person, any other Person, whether now or in the future (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2) 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;

“**Board of Directors**” means the board of directors elected or appointed by the shareholders of the Issuer to manage the business of the Issuer or any committee of such board duly authorised to take the action purported to be taken by such committee;

“**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 Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity;

“**Change of Control**” means the occurrence of one or more of the following events:

- (a) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries, taken as a whole, to any “person” (within the meaning of Section 13(d) of the Exchange Act), other than one or more Permitted Holders;

- (b) the Issuer consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person (other than one or more Permitted Holders) consolidates with, or merges with or into, the Issuer, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Issuer or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Issuer outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock (as defined in the 2022 Notes Indenture or the 2023 Notes Indenture) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;
- (c) the Permitted Holders are the beneficial owners of less than 51% of the total voting power of the Voting Stock of the Issuer;
- (d) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Issuer greater than such total voting power held beneficially by the Permitted Holders;
- (e) individuals who on the Issue Date constituted the Board of Directors (together with any new directors whose election by the Board of Directors was approved by a vote of at least a majority of the members of the Board of Directors then in office who were members of the Board of Directors on the Issue Date or whose election was previously so approved) cease for any reason to constitute a majority of the members of the Board of Directors then in office; or
- (f) the adoption of a plan relating to the liquidation or dissolution of the Issuer;

“**Change of Control Triggering Event**” means the occurrence of both a Change of Control and a Rating Decline;

“**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 nonvoting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Trust Deed, and include, without limitation, all series and classes of such common stock or ordinary shares;

“**Encumbrance**” 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);

“**Exchange Act**” means the United States Securities Exchange Act of 1934, as amended;

“**Fitch**” means Fitch Ratings and its affiliates and successors;

“**GAAP**” means 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.

“**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 S&P or any of its successors or assigns or a rating of “Aaa,” or “Aa,” “A” or “Baa,” as modified by a “1,” “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s or any of its successors or assigns, or a rating of “AAA,” “AA,” “A” 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 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 Issuer as having been substituted for S&P, Moody’s or Fitch or two or three of them, as the case may be.

“**Moody’s**” means Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its affiliates and successors;

“**Offer to Purchase**” means an offer to purchase the Bonds by the Issuer from the Bondholders commenced by sending a notice by first class mail, postage prepaid, to the Trustee, the Paying Agent and each holder at its last address appearing in Register stating:

- (g) the provision of the Conditions pursuant to which the offer is being made and that all Bonds validly tendered will be accepted for payment on a *pro rata* basis;
- (h) 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**”);
- (i) that any Bonds not tendered will continue to accrue interest pursuant to its terms;
- (j) that, unless the Issuer or the Subsidiary Guarantors defaults in the payment of the purchase price, any Bonds accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;
- (k) that Bondholders electing to have a Bond purchased pursuant to the Offer to Purchase will be required to surrender the Bond, together with the form entitled “Option of the Bondholder to Elect Purchase” on the reverse side of the Bond completed, to the Paying Agent at the address specified in the notice prior to the close of business on the business day immediately preceding the Offer to Purchase Payment Date (the “**Repurchase Offer Expiration Date**”);
- (l) that Bondholders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third business day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Bondholder, the principal amount of Bonds delivered for purchase and a statement that such Bondholder is withdrawing his election to have such Bonds purchased; and
- (m) that Bondholders whose Bonds are being purchased only in part will be issued new Bonds equal in principal amount to the unpurchased portion of the Bonds surrendered; **provided that** each Bonds purchased and each new Bond issued shall be in an Authorised Denomination.

“Permitted Holders” means any or all of the following:

- (n) Mr. Chu Mang Yee;
- (o) the estate and any spouse or immediate family member of the Person specified in clause (A) or the legal representative of any of the foregoing;
- (p) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Persons specified in clauses (A) and (B); and
- (q) 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 more than 80% owned by Persons specified in clauses (A), (B) and (C).

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof;

“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 any other class of Capital Stock of such Person;

“PRC” means the People’s Republic of China and, for the purposes of these Conditions, except where the context requires, does not include Hong Kong Special Administrative Region of the People’s Republic of China, Macau Special Administrative Region of the People’s Republic of China and Taiwan;

“Rating Agencies” means (1) S&P and (2) Moody’s and (3) Fitch, **provided that** if S&P, Moody’s or Fitch, two of any of the three or all three of them shall not make a rating of the Issuer publicly available, a nationally recognized securities rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for S&P, Moody’s, Fitch, two of any of the three or all three of them, as the case may be.

“Rating Categories” means (i) with respect to S&P, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); (ii) with respect to Moody’s, any of the following categories: “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); (iii) with respect to Fitch, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); and (iv) the equivalent of any such category of S&P, Moody’s or Fitch used by another Rating Agency. In determining whether the rating of the Issuer has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P; “1,” “2” and “3” for Moody’s; “+” and “-” for Fitch; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, 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 in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (a) a Change of Control and (b) a public notice of the occurrence of a Change of Control or of the intention by the Issuer or any other Person or Persons to effect a Change of Control.

“Rating Decline” means in connection with a Change of Control Triggering Event, the occurrence on, or within six months after, the date, or public notice of the occurrence of, a Change of Control or the intention by the Issuer or any Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Issuer is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below:

- (r) in the event the Issuer is rated by all three of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Issuer by any two of the three Rating Agencies shall be below Investment Grade;

- (s) in the event the Issuer is rated by any two, but not all three, of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Issuer by any of such two Rating Agencies shall be below Investment Grade;
- (t) in the event the Issuer is rated by one, and only one, of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Issuer by such Rating Agency shall be below Investment Grade; or
- (u) in the event the Issuer is rated by three or less than three Rating Agencies and are rated below Investment Grade by all such Rating Agencies on the Rating Date, the rating of the Issuer by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories);

“Relevant Indebtedness” means any future and present indebtedness incurred or issued outside the PRC in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depository receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are issued with the intention on the part of the issuer thereof that they should be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement), which for the avoidance of doubt does not include indebtedness under any bilateral, syndicated or club loan or loan facility;

“Restricted Subsidiary” means any Subsidiary of the Issuer other than Hooplife One Limited, Hooplife Technology Group Limited, Hooplife Two Limited, Hooplife Kongsin Limited, Esteem Industrial (Hong Kong) Limited, Sun Yick Properties Limited, Hopson Technology Holdings Limited, Crest Lake Limited, Long Sight Group Limited, Lucky Riches Limited, Perseverance Delight Limited, Pioneer Sky Holdings Limited, ROC Set Holdings Limited, Jumbo Globe Limited, Wealthy Advance Limited, Wealthy Flourish Limited, Hopson Property (Hong Kong) Limited (formerly known as Wealthy Prosper Holding Limited), Champion Flourish Group Limited, Huge Treasure Global Limited, Julong Developments Limited, Hopson Commercial Group Limited (formerly known as Mighty Giant Global Limited), Ming Huang Limited, Happy Virtue Limited, Sino Courtesy Limited, Hopson Technological Commerce Group Limited, Delight Field Group Limited, Fine Elegant Limited, Ming Spring Limited, Rainbow Sincere Limited, Revere Trade Limited, Shenzhen Hooplife Technology Co., Ltd., Guangdong Esteem Property Services Limited, Beijing Zhujiang Century Property Management Limited, Beijing Hopson Huaifu Hotel Operation and Management Co., Ltd., Beijing Zhupin Yizhuang Construction and Engineering Co., Ltd., Beijing Kangjing Jiayuan Real Estate Agency Co., Ltd., Beijing Xinda Zhicheng New Energy Investment Co., Ltd., Tianjin Jinlv Landscaping Co., Ltd., Guangzhou Hopson Xingjing Business Services Limited, Guangzhou Hopson Qingyuan Water Supply Limited, Bright Steady Investments Limited, Day New Investments Limited, North Reach Investments Limited, Rich Advance Investments Limited, Sugar Rise Investments Limited, Hopson Property Limited, Solawide Properties Limited, Hopson E-Commerce Limited, Hopson Commercial Investment Management Holdings Limited, Lewan Investments Limited, High Boom Limited, Wilcon Investments Limited, Chia Lung Group Company Limited, Believe Best Investments Limited, Leyun Limited, Vantage Bloom Limited, Xieyi Limited, Aqua Treasure Limited, Golden Cascade Limited, Ji Run Property Investments Limited, Selected- Lifestyle Technology (HK) Co. Limited, Vital Dynamic Limited, Beauty Beyond Limited, Beyond Cosmo Investments Limited, Big Victory Developments Limited, Bliss Depot Holdings Limited, Glorious Day International Limited, Joyful Fit Limited, Lofty Great Limited, Lucky Steady Enterprises Limited, Main Team Group Limited, Rich Source Global Limited, Source Ascend Limited, Triumph Big Limited, Tung Lok Holdings Limited, Well Renown Limited, Hardrock State Limited, Harmony Treasure Investments Limited, Infinite Prosper Holdings Limited, Simjoy Limited, Advance Glorious Limited, Fugao Holdings Limited, Jing Chang Holdings Limited, Mingjue Holdings Limited, Nation Achieve Enterprises Limited, Onward Prestige Limited, Precious Bravery Limited, Soar Excel Limited, Sound Thunder Limited, Well Advent Investments Limited, East Layor Investments

Limited, North Golden Investments Limited, Smart Afuly Investments Limited, South Advance Investments Limited, West Time Investments Limited, Ever Pride Group Limited, Leading One Developments Limited, Nimble Smart International Limited, Sonic Speed International Limited, Start Right Developments Limited, Area Vanice Investments Limited, Rise Sunplus Investments Limited, Safe Onti Investments Limited, Wish Mineon Investments Limited, Stand Amgo Investments Limited, Hopson Investment Management Limited, Ever Jovial Holdings Limited, Fast Luck Ventures Limited, Profit Trend Ventures Limited, Sure Get International Limited, Thrive On Holdings Limited, Core Light Global Limited, Cosmic Boom Holdings Limited, Giant Goal Holdings Limited, New Prestige Global Limited, Oceanic Riches Holdings Limited, Sharp Ally Holdings Limited, Sino Esteem Global Limited, Sky Red Holdings Limited, Success State Holdings Limited, Sure Sage Holdings Limited, Easy Fit Global Limited, Ever Soar International Limited, Great Lead Global Limited, Radiant On Holdings Limited, Summit Rainbow Investments Limited, Best Century Global Limited and Rainbow Colour Global Limited;

“**S&P**” means S&P Global Ratings, a division of S&P Global Inc., and its affiliates and successors;

“**subsidiary**” means, with respect to any Person, any corporation, association or other business entity (i) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other subsidiaries of such Person or (ii) of which 50% 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 which is “controlled” and consolidated by such Person in accordance with GAAP; and

“**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.

5. Interest

The Bonds bear interest from and including 10 January 2022 (the “**Issue Date**”) at the rate of 8.00% per annum (the “**Rate of Interest**”) payable quarterly in arrear on 6 April 2022, 6 July 2022, 6 October 2022 and 6 January 2023 (each an “**Interest Payment Date**”). If any such Interest Payment Date would otherwise fall on a day which is not a business day (as defined in Condition 7(F)), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event it shall be brought forward to the immediately preceding business day. Each Bond will cease to bear interest (a) (subject to Condition 6(B)(iv)) where the Conversion Right attached to it shall have been exercised by a Bondholder, from and including the Interest Payment Date immediately preceding the relevant Conversion Date (as defined below), or if none, the Issue Date (subject in any case as provided in Condition 6(B)(iv)), or (b) where such Bond is redeemed or repaid pursuant to Condition 8 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, it will continue to bear interest at 3% per annum above the rate aforesaid (both before and after judgment) until whichever is the earlier of (x) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (y) the day which is seven days after the Trustee or the Principal Agent has notified Bondholders that it is in receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

The amount of interest payable on the Interest Payment Date falling on 6 April 2022, 6 July 2022, 6 October 2022 and 6 January 2023 shall be US\$19.11, US\$20.00, US\$20.00 and US\$20.00, respectively, in respect of each Bond of US\$1,000 denomination (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the Rate of Interest, the Calculation Amount and the Day Count Fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). If interest is required to be paid in respect of a Bond on any date other than an Interest Payment Date, it shall be calculated by applying the Rate

of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the principal amount of such Bond divided by the Calculation Amount, where:

“**Calculation Period**” means the relevant period for which interest is to be calculated from (and including) the first day in such period to (but excluding) the last day in such period; and

“**Day Count Fraction**” means, in respect of any period, the number of days in the relevant period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date, and each such successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date, is called an “**Interest Period**”.

6. Conversion

(a) Conversion Right

- (i) *Conversion Period*: Subject as hereinafter provided, the Bondholders have the right to convert their Bonds into Shares (as defined in Condition 6(A)(v)) at any time during the Conversion Period referred to below.

The right of a Bondholder to convert any Bond into Shares is called the “**Conversion Right**”.

Subject to and upon compliance with, the provisions of this Condition, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof only between 20 December 2022 to 21 December 2022 (both dates inclusive) and up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) of 21 December 2022, but except as provided in Condition 6(A)(iv), in no event thereafter) or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then only on the day and up to the close of business of that day that is 10 business days (in the place aforesaid) prior to

the date fixed for redemption thereof or if notice of a Relevant Event (as defined below) has been given by the Issuer pursuant to Condition 8(D) or if the Offer to Purchase has been made by the Issuer provided in Condition 4(B) then only on the business day and up to the close of business of that day (at the place aforesaid) prior to the Bondholder Put Expiration Date (as defined below) or the Repurchase Offer Expiration Date (each such date on which the Conversion Right attaching to a Bond is expressed to be exercisable, a “**Conversion Period**”).

The Conversion Right may not be exercised in respect of a Bond where the Bondholder shall have exercised its right, by delivering or depositing the relevant notice, to require the Issuer to redeem or repurchase such Bond pursuant to Condition 8(D) or 4(B).

The number of Shares issuable upon conversion of any Bond shall be determined by the Issuer in accordance with the Net Share Settlement Mechanism set out in Condition 6(B)(vi). A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any time by the same holder, the number of Shares to be issued upon such conversion will be calculated in accordance with the Net Share Settlement Mechanism on the basis of the aggregate principal amount of the Bonds to be converted by such holder.

- (ii) *Fractions of Shares*: Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if a Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated by the Issuer on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after 8 December 2021 which reduces the number of Shares issued and outstanding, the Issuer will upon conversion of Bonds pay in cash (in United States dollars by transfer to a United States dollar account maintained by the payee with a bank) a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(A)(i), as corresponds to any fraction of a Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds US\$10. Any such sum shall be paid not later than five Stock Exchange Business Days (as defined in Condition 6(B)(i)) after the relevant Conversion Date.
- (iii) *Conversion Price*: The price at which Shares will be issued upon conversion (the “**Conversion Price**”) will initially be HK\$20.16 per Share, but will be subject to adjustment in the manner provided in Condition 6(C) and Condition 6(D), **provided that** no adjustment shall cause the Conversion Price per Share to fall below the par value of such Share.
- (iv) *Revival and/or Survival after Default*: Notwithstanding the provisions of Condition 6(A)(i), if (a) the Issuer shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof, (b) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10, or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(A) or the applicable date for redemption in accordance with Condition 8, the Conversion Rights attaching to such Bond will revive and/or will be exercisable on the date, and up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on that date upon which the full amount of the moneys payable in respect of the Bonds has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and

notwithstanding the provisions of Condition 6(A)(i), any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion on such date prior to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) shall be converted on the relevant Conversion Date (as defined below) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

- (v) *Meaning of "Shares"*: As used in these Conditions, the expression "**Shares**" means ordinary shares of par value HK\$0.1 each of the Issuer or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

(b) Conversion Procedure

- (i) *Conversion Notice*: Upon the exercise of any Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during normal business hours (being 9:00 a.m. to 3:00 p.m., Monday to Friday other than public holidays and on which commercial banks are open for business in the city of the specified office of that Conversion Agent) on the relevant Conversion Period at the specified office of the Conversion Agent a notice of conversion (a "**Conversion Notice**") in the form (for the time being current) obtainable from the specified office of the Conversion Agent, together with the relevant Certificate and confirmation that any amounts required to be paid by the Bondholder under Condition 6(B)(ii) have been so paid. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

The conversion date in respect of a Bond (the "**Conversion Date**") must fall at a time when a Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6(A)(iv) and Condition 10) and will be deemed to be the Stock Exchange Business Day (as defined below) immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice to the relevant Conversion Agent and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. A Conversion Notice deposited outside the hours specified above shall for all purposes be deemed to have been deposited with that Conversion Agent during the hours specified above on the next day which is between Monday to Friday and on which commercial banks are open for business in the city of the specified office of that Conversion Agent following such day, provided that any such Conversion Notice postponed beyond the Conversion Period shall be invalid. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal or the Issuer fails to deliver Shares in accordance with these Conditions. "**Stock Exchange Business Day**" means any day (other than a Saturday or Sunday) on which The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") or the Alternative Stock Exchange (as defined in Condition 6(C) below), as the case may be, is open for the business of dealing in securities.

- (ii) *Stamp Duty etc.*: A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant authorities (A) any taxes and capital, stamp, issue documentary, and registration duties arising on conversion (other than any taxes or capital or stamp duties payable in Bermuda and Hong Kong and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Hong Kong Stock Exchange or the Alternative Stock Exchange on conversion) and (B) all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion (together, the “**Taxes**”). The Issuer will pay all other expenses arising on the issue of Shares on conversion of Bonds including all charges of the Agents. The Bondholder must declare in the relevant Conversion Notice that any Taxes payable to the relevant tax authorities pursuant to this Condition 6(B)(ii) have been paid. Neither the Trustee nor any Agent is under any obligation to determine whether a Bondholder is liable to pay or has paid any taxes including capital, stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 6(B)(ii).
- (iii) *Registration*: As soon as practicable, and in any event, not later than five Stock Exchange Business Days after the Conversion Date, the Issuer will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant Certificate and amounts payable by the relevant Bondholder as required by sub-paragraphs (i) and (ii) have been paid, (A) register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Issuer’s share register and (B) (x) if the Bondholder has also requested in the Conversion Notice and to the extent permitted under the rules and procedures of the Central Clearing and Settlement System of Hong Kong (the “**CCASS**”) effective from time to time, take all necessary action to procure that Shares are delivered through the CCASS for so long as the Shares are listed on the Hong Kong Stock Exchange; or (y) make such certificate or certificates available for collection at the office of the Issuer’s share registrar in Hong Kong (currently Computershare Hong Kong Investor Services Limited) notified to Bondholders in accordance with Condition 16 or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Issuer’s register of members (the “**Registration Date**”). The Shares issued upon conversion of the Bonds will be fully-paid and in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on conversion of the Bonds shall not be entitled to any rights the record date for which precedes the relevant Registration Date.

If the record date for the payment of any dividend or other distribution in respect of the Shares is on or after the Conversion Date in respect of any Bond, but before the Registration Date (disregarding any Retroactive Adjustment (as defined in 6(B)(vi))

of the Conversion Price referred to in this sub-paragraph (iii) prior to the time such retroactive adjustment shall have become effective), the Issuer will calculate and pay to the converting Bondholder or his designee an amount in United States dollars (the “**Equivalent Amount**”) converted at the Prevailing Rate equal to the Fair Market Value (as defined below) of such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid by transfer to a United States dollar account maintained by the payee with a bank, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

Under the Trust Deed, those Bonds in respect of which the Conversion Right has been exercised and the obligations of the Issuer in relation thereto duly performed shall be deemed not to remain outstanding.

- (iv) *Interest Accrual*: If any notice requiring the redemption of any Bonds is given pursuant to Condition 8(B) or 8(C) on or after the 15th Hong Kong business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Issue Date) in respect of any dividend or distribution payable in respect of the Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall (subject as hereinafter provided) accrue on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from, and including, the Issue Date) to, but excluding, such Conversion Date; **provided that** no such interest shall accrue on any Bond in the event that the Shares issued on conversion thereof shall carry an entitlement to receive such dividend or distribution or in the event the Bond carries an entitlement to receive an Equivalent Amount. Any such interest shall be paid by the Issuer not later than 14 days after the relevant Conversion Date by transfer to a United States dollar account maintained by the payee with a bank, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.
- (v) *No issue of Shares if in breach of Listing Rules*: The Issuer is not obliged to issue Shares in satisfaction of the Conversion Rights in breach of its obligations under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”).
- (vi) *Net Share Settlement Mechanism*

The Issuer shall satisfy the exercise of Conversion Rights relating to any Bonds by:

- (A) paying to the relevant Bondholder the Cash Conversion Amount; and
- (B) delivering to the relevant Bondholder the Net Shares.

(the “**Net Share Settlement Mechanism**”)

The Issuer shall pay the Cash Conversion Amount by not later than five Stock Exchange Business Days after the Conversion Date by transfer to a United States dollar account maintained by the payee with a bank in accordance with the instructions contained in the relevant Conversion Notice.

The Net Shares shall be delivered as provided in Condition 6(B)(iii).

“**Cash Conversion Amount**” means the sum of the Daily Cash Conversion Amounts as determined in respect of each Trading Day in the Net Share Settlement Calculation Period.

“**Converted Bonds**” means the aggregate principal amount of the Bonds held by the same Bondholder and in respect of which the relevant Conversion Rights shall have been exercised.

“**Daily Cash Conversion Amount**” means, in respect of a Trading Day, the lesser of (i) an amount equal to one-twentieth of the Converted Bonds and (ii) the Daily Conversion Value in respect of such Trading Day translated into US dollars at the Prevailing Rate on such Trading Day (rounded, if necessary, to five decimal places, with 0.000005 being rounded up).

“**Daily Conversion Value**” means, in respect of any Trading Day, the amount determined in accordance with the following formula:

$$\frac{RS_x VWAP}{20}$$

where

RS means the Reference Shares

VWAP means the Volume Weighted Average Price of a Share on such Trading Day.

“**Daily Net Shares**” means in respect of any Trading Day in respect of which the Daily Conversion Value exceeds an amount equal to one-twentieth of the Converted Bonds, the number of Shares determined in accordance with the following formula (rounded if necessary to five decimal places, with 0.000005 being rounded up):

$$\frac{A}{VWAP}$$

where

A means the Daily Conversion Value on such Trading Day minus an amount equal to one-twentieth of the Converted Bonds.

VWAP means the Volume Weighted Average Price of a Share on such Trading Day.

“**Net Share Settlement Calculation Period**” means the period of 20 consecutive Trading Days preceding and ending on the Trading Day prior to the beginning of the relevant Conversion Period.

“**Net Shares**” means the sum of the Daily Net Shares (if any) determined in respect of each Trading Day in the Net Share Settlement Calculation Period, rounded down, if necessary, to the nearest whole number.

“**Reference Shares**” means, in respect of the exercise of Conversion Rights, the number of Shares determined by dividing (x) the aggregate principal amount of the relevant Converted Bonds (translated into Hong Kong dollars at the fixed rate of HK\$7.7979 = U.S.\$1.00) by (y) the Conversion Price in effect on the relevant Conversion Date, and rounding down the resulting number of Shares, if necessary, to the nearest whole number.

“**Volume Weighted Average Price**” means the order book volume-weighted average price of a Share for such Stock Exchange Business Day appearing on or derived from Bloomberg screen page “754 HK Equity VAP” (or its successor page) or, if not available on any of such screens, from such other source as shall be determined to be appropriate by an Independent Investment Bank, provided that for any Stock Exchange Business Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Stock Exchange Business Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Stock Exchange Business Day on which the same can be so determined.

If the Conversion Date in relation to any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event that gives rise to the adjustment of the Conversion Price pursuant to Condition 6(C) but before the relevant adjustment becomes effective under the relevant Condition, upon the relevant adjustment becoming effective (the “**Reference Date**”), the Issuer shall (i) pay to the relevant Bondholder an additional amount (the “**Additional Cash Amount**”) equal to the amount by which the Cash Conversion Amount would have been increased and (ii) procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)) such additional number of Shares as is, together with the Net Shares to be issued on conversion of the Bonds, equal to the number of Shares which would have been required to be issued on conversion of such Bond under this Condition 6(B)(vi) (the “**Additional Shares**”), in each case if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Conversion Date.

The Issuer will (i) pay the Additional Cash Amount not later than 5 Stock Exchange Business Days following the relevant Reference Date by transfer to a United States dollar account maintained by the payee with a bank in accordance with the instructions contained in the relevant Conversion Notice and (ii) deliver the Additional Shares not later than 5 Stock Exchange Business Days following the relevant Reference Date in the manner provided in Condition 6(B)(iii).

(c) ***Adjustments to Conversion Price***

Upon the occurrence of any of the following events described below, the Conversion Price will be adjusted as follows:

- (i) *Consolidation, Subdivision or Reclassification*: If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

(ii) *Capitalization of Profits or Reserves:*

- (A) If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of the Shares (the “**Shareholders**”) by way of capitalization of profits or reserves including Shares paid up out of distributable profits or reserves and/or share premium account issued, save where Shares are issued in lieu of the whole or any part of a specifically declared cash dividend (the “**Relevant Cash Dividend**”), being a dividend which the Shareholders concerned would or could otherwise have received (a “**Scrip Dividend**”) and which would not have constituted a Distribution (as defined in this Condition 6(C)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

- A is the aggregate nominal amount of the issued Shares immediately before such issue; and
- B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (B) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price of such Shares on the date of the first public announcement of the terms of such issue exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate nominal amount of the issued Shares immediately before such issue;
- B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is the Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and
- C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

(iii) *Distributions:*

- (A) Subject to Condition 6(C)(iii)(B), if and whenever the Issuer shall pay or make any Distribution to the Shareholders other than in cash only (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(ii) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the date on which the Distribution is first publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Distribution is actually made, or if a record date is fixed therefore, immediately after such record date or, if later, the first date upon which the Fair Market Value of the Distribution is capable of being determined as provided in these Conditions.

- (B) If and whenever the Issuer shall pay or make any Distribution in cash only to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the date on which the Distribution in cash is first publicly announced; and
- B is the amount of cash so distributed attributable to one Share.

Such adjustment shall become effective on the date on which such Distribution in cash is actually made or if a record date is fixed therefore, immediately after such record date.

- (iv) *Rights Issues of Shares or Options over Shares:* If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights issue, or issue or grant to all or substantially all Shareholders as a class, by way of rights issue, of options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95% of the Current Market Price per Share on the date of the first public announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights issue or for the options or warrants or other rights issued or granted by way of rights issue and for the total number of Shares comprised therein would subscribe, purchase or otherwise acquire at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

- (v) *Rights Issues of Other Securities*: If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares) to all or substantially all Shareholders as a class, by way of rights issue, or the grant to all or substantially all Shareholders as a class by way of rights issue, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the date on which such issue or grant is first publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

- (vi) *Issues at less than Current Market Price*: If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6(C)(iv) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant (otherwise than as mentioned in Condition 6(C)(iv) above) options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price per Share which is less than 95% of the Current Market Price per Share on the date of the first public announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such Current Market Price per Share; and
- C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

- (vii) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(vii), if and whenever the Issuer or any of its subsidiaries (otherwise than as mentioned in Condition 6(C)(iv), 6(C)(v) or 6(C)(vi)), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its subsidiaries), any other company, person or entity shall issue wholly for cash any securities (other than the Bonds but excluding for this purpose any further bonds issued pursuant to Condition 15) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Issuer upon conversion, exchange or subscription at a consideration per Share receivable by the Issuer which is less than 95% of the Current Market Price per Share on the date of the first public announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate on the issue date of such securities.

Such adjustment shall become effective on the date of issue of such securities.

- (viii) *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(vii) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95% of the Current Market Price per Share on the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of Shares in issue immediately before such modification;
- B is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for the Shares to be issued, or otherwise made available, on conversion or exchange or on exercise of the right of subscription attached to the securities, so modified, would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Shares to be issued, or otherwise made available, on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Investment Bank consider appropriate (if at all) for any previous adjustment under this 6(C)(viii), Condition 6(C)(vi) or Condition 6(C)(vii).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (ix) *Other Offers to Shareholders:* If and whenever the Issuer or any of its subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its subsidiaries), any other company, person or entity issues, sells or distributes any securities in connection with which an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 6(C)(iv), Condition 6(C)(v), Condition 6(C)(vi) or Condition 6(C)(vii)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue, sale or distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the date on which such issue, sale or distribution is first publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or delivery of the securities.

- (x) *Determination by the Issuer:* If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances (whether or not referred to in paragraphs (i) to (ix) above) (even if the relevant event or circumstance is specifically excluded in these Conditions from the operation of paragraphs (i) to (ix) above), or that an adjustment should not be made (even if the relevant event or circumstance is specifically provided for in paragraphs (i) to (ix) above), or that the effective date for the relevant adjustment should be a date other than that mentioned in paragraphs (i) to (ix) above, the Issuer may, at its own expense, request an Independent Investment Bank, acting as expert, to determine as soon as practicable (i) what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereto and is appropriate to give the result which the Independent Investment Bank considers in good faith to reflect the intentions of the provisions of this Condition 6(C); and (ii) the date on which such adjustment should take effect; and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination; **provided that** where the events or circumstances giving rise to any adjustment pursuant to this Condition 6(C) have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6(C) as may be advised by the Independent Investment Bank to be in its opinion appropriate to give the intended result, **provided that** an adjustment shall only be made pursuant to this Condition 6(C) if it would result in a reduction to the Conversion Price.

For the purposes of these Conditions:

“**Alternative Stock Exchange**” means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

“**Closing Price**” for the Shares for any Trading Day shall be the price published in the Daily Quotation Sheet;

“**Current Market Price**” means, in respect of a Share at a particular time on a particular date, the average of the Closing Price quoted by the Hong Kong Stock Exchange or, as the case may be, by the Alternative Stock Exchange for one Share (being a Share carrying full entitlement to dividend) for each of the 10 consecutive Trading Days ending on the Trading Day immediately preceding such date; **provided that** if at any time during the said 10 Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (A) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the Closing Price thereof reduced by an amount equal to the Fair Market Value of that dividend per Share; or
- (B) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the Closing Price thereof increased by the Fair Market Value of that dividend per Share;

and **provided further that** if the Shares on each of the said 10 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share;

“**Daily Quotation Sheet**” means the daily quotation sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange;

“**Distribution**” means:

- (C) any distribution of assets *in specie* or other property (excluding any cash dividend or distribution) by the Issuer for any financial period, and whenever paid or made and however described or declared after the Issue Date, and for these purposes a distribution of assets *in specie* includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 6(C)(ii)(A) by way of capitalization of reserves and any Scrip Dividend to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 6(C)(ii)(B)); or
- (D) any cash dividend or distribution of any kind (including, without limitation, a Relevant Cash Dividend) by the Issuer for any financial period;

“**Fair Market Value**” means:

- (E) with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank; **provided that** (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; and (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of ten Trading Days on the relevant market commencing on the first such Trading Day such options, warrants or other rights are publicly traded; and
- (F) such amounts, if expressed in a currency other than Hong Kong dollars shall be translated into Hong Kong dollars at the Prevailing Rate on such date. In addition, in the case of proviso (i) and (ii) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax and disregarding any associated tax credit;

“**Independent Investment Bank**” means an independent investment bank of international repute, acting as an expert, selected and appointed by the Issuer and notified in writing to the Trustee;

“Prevailing Rate” means, in respect of any currency on any day, the bid exchange rate between the relevant currencies prevailing as at or about 11:00 a.m. (Hong Kong time) on that date as appearing on or derived from the relevant page on Bloomberg or, if there is no such page, on Reuters or such other information service provider that displays the relevant information or, if such a rate cannot be determined at such time, the rate prevailing as at or about 11:00 a.m. (Hong Kong time) on the immediately preceding day on which such rate can be so determined.

“Trading Day” means a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange is open for dealing business, **provided that** if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days; and

On any adjustment, the relevant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1% of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders, the Trustee and the Conversion Agent in accordance with Condition 16 as soon as practicable after the determination thereof.

The Conversion Price may not be reduced so that, on conversion of Bonds, Shares would fall to be issued at a discount to their par value or Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in Hong Kong and Bermuda.

Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in its opinion appropriate in order to give such intended result.

No adjustment will be made to the Conversion Price involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 6(C)(i) above or where there has been a proven manifest error in the calculation of the Conversion Price.

Neither the Trustee nor the Agents shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation (or verification thereof) in connection with the Conversion Price and will not be responsible to Bondholders or any other persons for any loss arising from any failure by them to do so. All adjustments to the Conversion Price under Condition 6(C) shall be determined by the Issuer, and, if applicable, the Independent Investment Bank, and neither the Trustee nor the Agents shall be responsible for calculating or verifying such determinations.

(d) **Adjustment upon Change of Control or Free Float Event**

If a Change of Control or a Free Float Event (as defined in Condition 8(D)) shall occur, the Issuer shall give notice of that fact to the Bondholders, the Trustee and the Conversion Agent (the “**Adjustment Notice**”) in accordance with Condition 16 within seven days after it becomes aware of such Change of Control or Free Float Event, as applicable. Following the giving of an Adjustment Notice, upon any exercise of (i) Conversion Rights (in the case of a Change of Control) or (ii) Conversion Rights on the business day prior to the Bondholder Put Expiration Date in respect of such Free Float Event (in the case of a Free Float Event), the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = \frac{OCP}{1 + (CP \times c / t)}$$

where:

“**NCP**” means the new Conversion Price after such adjustment.

“**OCP**” means the Conversion Price in effect before such adjustment on the relevant Conversion Date.

“**CP**” means 17.50% expressed as a fraction.

“**c**” means the number of days from and including the date the Change of Control or Free Float Event, as applicable, occurs to but excluding the Maturity Date.

“**t**” means the number of days from and including the Issue Date to but excluding the Maturity Date,

provided that the Conversion Price shall not be reduced pursuant to this Condition 6(D) below the par value of the Shares or otherwise below the level permitted by applicable laws and regulations from time to time (if any).

(e) **Conversion Price Reset**

On the relevant Reset Date, if the Average Market Price is less than HK\$19.28 per Share, the Conversion Price shall be adjusted on the relevant Reset Date itself (taking into account any adjustments as described in Condition 6(C) and 6(D) which may have occurred prior to the relevant date) to the Average Market Price, **provided that** the Conversion Price shall not be reduced pursuant to this Condition 6(E) below the par value of the Shares or otherwise below the level permitted by the applicable laws and regulations from time to time.

Such Adjusted Conversion Price shall be rounded upwards, if necessary, to the nearest Hong Kong cent., provided that:

- (i) any such adjustment to the Conversion Price shall be limited such that the Adjusted Conversion Price in no event shall be less than HK\$15.42; and
- (ii) the adjustment events set out in Condition 6(C) and 6(D) shall apply, mutatis mutandis, to adjustments hereunder to ensure that appropriate adjustments shall be made to the Conversion Price as so adjusted to reflect any events set out in Condition 6(C) and 6(D).

No adjustment shall be made in accordance with Condition 6(E) to the extent the adjustment to the Conversion Price involves an increase in the Conversion Price in effect on the relevant Reset Date.

For the purposes of this Condition 6(E):

“**Average Market Price**” means the arithmetic average of the daily Volume Weighted Average Price of each Share on each of the 10 consecutive Stock Exchange Business Day prior to and excluding the Reset Date itself;

“**Reset Date**” means 20 June 2022 and 20 September 2022;

“**Volume Weighted Average Price**” means the order book volume-weighted average price of a Share for such Stock Exchange Business Day appearing on or derived from Bloomberg screen page “754 HK Equity VAP” (or its successor page) or, if not available on any of such screens, from such other source as shall be determined to be appropriate by an Independent Investment Bank, provided that for any Stock Exchange Business Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Stock Exchange Business Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Stock Exchange Business Day on which the same can be so determined.

(f) **Undertakings**

The Issuer has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders:

- (i) it will use its best endeavours (a) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange, and (b) to obtain and maintain a listing of, and permission to deal in, all the Shares to be issued upon the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange, **provided that** if the Issuer is unable to obtain or maintain such listing or if the maintenance of such listing is unduly onerous, it will use its best endeavours to obtain and maintain a listing for all the issued Shares on an Alternative Stock Exchange as the Issuer may from time to time determine and will forthwith give notice to the Bondholders and the Trustee in accordance with Condition 16 of the listing or delisting of the Shares (as a class) by any of such stock exchanges;
- (ii) it will use its best endeavours to maintain a listing for the Bonds on the Hong Kong Stock Exchange **provided that** if the Issuer is unable to obtain or maintain such listing or trading or if the maintenance of such listing is unduly onerous, it will use its best endeavours to obtain and maintain a listing for the Bonds on an alternative stock exchange as the Issuer may from time to time determine and will forthwith give notice to the Bondholders and the Trustee in accordance with Condition 16 of the listing or delisting Bonds by any of such stock exchanges; and
- (iii) it will not make any redemption, purchase or reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the redemption, purchase or reduction (a) is permitted by applicable law and (b) results in (or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

In the Trust Deed, the Issuer has also undertaken with the Trustee that so long as any Bond remains outstanding:

- (iv) it will reserve, free from any other pre-emptive or other similar rights and free from any encumbrances, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid and non-assessable; and
- (v) it will not make any offer, issue, grant or distribute or take any action which would result in an adjustment of the Conversion Price if, after giving effect thereto, the Conversion Price would be reduced to such an extent that the Shares to be issued on the conversion of any Bond would be issued below the par value of the Shares of the Issuer, **provided always that** the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

(g) *Notice of Change in Conversion Price*

The Issuer shall promptly give notice to the Bondholders, the Trustee and the Conversion Agent in accordance with Condition 16 of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

7. Payments

(a) *Principal, interest and premium*

Payment of principal, premium and interest, and other amounts due will be made by transfer to the registered account of the Bondholder. Payment of principal and premium will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the “**Interest Record Date**”). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder.

So long as the Bonds are represented by the Global Certificate, each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date of payment, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

References in these Conditions, the Trust Deed and the Agency Agreement to principal in respect of any Bond shall, where the context so permits, be deemed to include a reference to any premium payable thereon.

(b) *Registered Accounts*

For the purposes of this Condition, a Bondholder’s registered account means the United States dollar account maintained by or on behalf of it, details of which appear on the Register at the close of business on the fifteenth business day (as defined below) before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register at that time.

(c) *Fiscal Laws*

All payments in respect of the Bonds are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(d) *Payment Initiation*

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

(e) *Delay In Payment*

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day or if the Bondholder is late in surrendering its Certificate (if required to do so).

(f) *Business Day*

In this Condition, “**business day**” means a day other than a Saturday, Sunday or public holiday on which commercial banks are open for business in Hong Kong, London, New York City and the city in which the specified office of the Principal Agent and the corporate trust office of the Trustee is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered. If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

8. **Redemption, Purchase and Cancellation**

(a) *Maturity*

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 100.00% of its principal amount together with accrued and unpaid interest thereon on 6 January 2023 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8(B) or 8(C) below (but without prejudice to Condition 10).

(b) *Redemption for Taxation Reasons*

(i) The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) at a redemption price equal to their principal amount, together with interest accrued to but excluding the date fixed for redemption, if as a result of

(A) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Tax Jurisdiction affecting taxation; or

(B) any change in the existing 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 (i) with respect to the Issuer or any Subsidiary Guarantor, on or after 8 December 2021 or, (ii) in the case of a future Subsidiary Guarantor that is organised or resident for tax purposes in a jurisdiction that is not a Relevant Tax Jurisdiction as of the Issue Date, on or after the date such Subsidiary became a Subsidiary Guarantor, the Issuer or such Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Tax Amounts with respect to any payment due or to become due under the Bonds or the Trust Deed and such requirement cannot be avoided by the taking of reasonable measures by the Issuer or such Subsidiary Guarantor, as the case may be (**provided that** changing the jurisdiction of the Issuer or such Subsidiary Guarantor, as the case may be, is not a reasonable measure), **provided that** no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer or such Subsidiary Guarantor, as the case may be, would be obliged to pay such Additional Tax Amounts in respect of the Bonds then due. Upon the expiry of the Tax Redemption Notice, the Issuer will be bound to redeem the Bonds on the date fixed for redemption, **provided that** redemption under this Condition 8(B)(i) may not occur within 15 days of the end of a Closed Period, but otherwise may occur when the Conversion Right is expressed in these Conditions to be exercisable.

(ii) Prior to the publication of any Tax Redemption Notice pursuant to Condition 8(B)(i), the Issuer (or as the case may be, any Subsidiary Guarantor) shall deliver to the Trustee at least 30 days but not more than 60 days before the date fixed for redemption:

(A) an Officer's Certificate stating that change or amendment referred to in 8(B)(i) has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer or such Subsidiary Guarantor, as the case may be, by taking reasonable measures available to it; and

(B) a written opinion from legal counsel in a form reasonably satisfactory to the Trustee or an opinion of a tax consultant of recognised standing that the requirement to pay such Additional Tax Amounts results from such change or amendment referred to in the prior paragraph.

(iii) The Trustee shall be entitled to accept and conclusively rely upon such certificate and opinion (without further investigation or enquiry) as sufficient evidence thereof in which event it shall be conclusive and binding on the Bondholders and the Trustee shall be protected and incur no liability to any Bondholder for or in respect of any action taken, omitted or suffered in reliance upon such certificate and opinion.

(iv) If the Issuer gives a Tax Redemption Notice pursuant to Condition 8(B)(i), each Bondholder will have the right to elect that its Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment to be made in respect of such Bond(s) whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction or withholding of any tax required to be deducted or withheld. To exercise a right pursuant to this Condition 8(B)(iv), the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of exercise, in the form for the time being current, obtainable from the specified office of any Paying Agent (the “**Tax Option Exercise Notice**”) together with the Certificate evidencing the Bonds on or before the day falling 10 days prior to the date fixed by the Issuer for the redemption of the Bonds pursuant to Condition 8(B)(i). A Tax Option Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent.

(c) ***Redemption at the Option of the Issuer***

On giving not less than 30 nor more than 60 days’ notice to the Bondholders and the Trustee (which notice will be irrevocable), the Issuer may at its sole and absolute discretion at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at a redemption price equal to their principal amount together with interest accrued to but excluding the date fixed for redemption provided that prior to the date of such notice at least 90% in principal amount of the Bonds originally issued (including any further bonds issued pursuant to Condition 15 and consolidated and forming a single series with the Bonds) has already been converted, redeemed or purchased and cancelled.

Redemption under this Condition 8(C) may not occur within 15 days of the end of a Closed Period but otherwise may occur when the Conversion Right is expressed in these Conditions to be exercisable.

(d) ***Redemption for Delisting or Suspension of Trading***

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right at such holder’s option, to require the Issuer to redeem all or some only (subject to the principal amount of such holder’s Bonds redeemed and the principal amount of the balance of such holder’s Bonds not redeemed being an Authorised Denomination) of such holder’s Bonds on the Relevant Event Redemption Date at a redemption price equal to their principal amount together with interest accrued to but excluding the Relevant Event Redemption Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent, specifying the number of Bonds to be redeemed and the Relevant Event that has occurred (“**Relevant Event Redemption Notice**”), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16 (the “**Bondholder Put Expiration Date**”). The “**Relevant Event Redemption Date**” shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent and the Issuer shall redeem the Bonds the subject of the Relevant Event Redemption Notice as aforesaid on the Relevant Event Redemption Date. The Issuer shall give notice to Bondholders in accordance with Condition 16 by not later than seven days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their

rights to require redemption of the Bonds pursuant to this Condition 8(D) and shall give brief details of the Relevant Event.

None of the Trustee or the Agents shall be required to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and shall be entitled to assume that no such event has occurred until they have received written notice to the contrary from the Issuer upon which they may conclusively rely without further investigation or enquiry as sufficient evidence thereof. The Trustee and the Agents shall not be required to take any steps to ascertain whether the condition for the exercise of the rights in accordance with Condition 8(D) has occurred. None of the Trustee or the Agents shall be responsible for determining or verifying whether a Bond is to be accepted for redemption under this Condition 8(D) and will not be responsible to Bondholders for any loss arising from any failure by it to do so. None of the Trustee or the Agents shall be under any duty to determine, calculate or verify the redemption amount payable under this Condition 8(D) and will not be responsible to Bondholders for any loss arising from any failure by it to do so.

A “**Free Float Event**” occurs on the first date on which less than 25 per cent. of the Issuer’s total number of issued shares are held by the public, provided that if following the occurrence of any Free Float Event, at least 25 per cent. of the Issuer’s total number of issued shares are held by the public on any day following the date of occurrence of such Free Float Event (the “**Reference Date**” in respect of such Free Float Event), a further Free Float Event may subsequently occur on the first date (falling after the Reference Date in respect of such Free Float Event) on which less than 25 per cent. of Issuer’s total number of issued shares are held by the public.

A “**Relevant Event**” occurs when:

- (i) the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange; or
- (ii) there is a Free Float Event.

(e) Purchase

The Issuer or any of its subsidiaries may at any time and from time to time purchase Bonds at any price in the open market or otherwise.

(f) Cancellation

All Bonds which are redeemed, converted or purchased by the Issuer or any of its subsidiaries, will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

(g) Redemption Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition will specify (i) the Conversion Price as at the date of the relevant notice, (ii) the Conversion Period, (iii) the Closing Price of the Shares as at the latest practicable date prior to the publication of the notice, (iv) the applicable redemption amount, together with any accrued interest payable (if any), (v) the date for redemption, (vi) the manner in which redemption will be effected and (vii) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition), the first in time shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable hereunder and will not be responsible to Bondholder for any loss arising from any failure by it to do so.

In the case of a partial redemption of Bonds represented by the Global Certificate, the Bonds will be redeemed in accordance with the rules of the relevant clearing system.

9. Taxation

All payments made by the Issuer or, as the case may be, any Subsidiary Guarantor, under or in respect of the Bonds, the Bonds Guarantee, the Trust Deed or the Agency Agreement will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Hong Kong or Bermuda, or within any jurisdiction in which the Issuer or any Subsidiary Guarantor, as the case may be, is organised or resident for tax purposes or engaged in business for tax purposes or any authority thereof or therein having power to tax or through which payment by or on behalf of the Issuer or a Subsidiary Guarantor is made or any political subdivision or taxing authority thereof or therein (each, a “**Relevant Tax Jurisdiction**”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In such event, the Issuer or, as the case may be, any Subsidiary Guarantor will pay such additional amounts (the “**Additional Tax Amounts**”) as will result in the receipt by the Bondholders of each Bond of such amounts as would have been received by such Bondholder had no such deduction or withholding been required, except that no such Additional Tax Amounts shall be payable in respect of any Bond:

- (a) *Other connection*: the existence of any present or former connection between the Bondholder or beneficial owner of such Bond or the Bond Guarantee, as the case may be, and the Relevant Tax Jurisdiction other than merely holding such Bond or the receipt of payments thereunder or under the Bond Guarantee, including, without limitation, such Bondholder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Tax 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) *Presentation more than 30 days after the relevant date*: the presentation of such Bond (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 Bond became due and payable pursuant to these Conditions or was made or duly provided for, except to the extent that the Bondholder thereof would have been entitled to such Additional Tax Amounts if it had presented such Bond for payment on any date within such 30-day period.

If the Issuer or any Subsidiary Guarantors becomes subject at any time to any taxing jurisdiction other than the Relevant Tax Jurisdiction, references in these Conditions to the Relevant Tax Jurisdiction shall be construed as references to the Relevant Tax Jurisdiction and/or such other jurisdiction.

References in these Conditions to principal, premium and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Subsidiary Guarantors, any Bondholder or any third party to pay such tax,

duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

10. Events of Default

If any of the following events (each an “**Event of Default**”) occurs the Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25% in aggregate principal amount of the Bonds then outstanding, or if so directed by an Extraordinary Resolution, shall (subject in either case to being indemnified and/or secured and/or pre-funded by the holders to its satisfaction), give notice to the Issuer and the Subsidiary Guarantors that the Bonds are, and they shall immediately become due and repayable at their principal amount together with accrued interest (if any) to but excluding the date of payment (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6). If an Event of Default specified in Condition 10(G) below occurs with respect to the Issuer, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Bonds 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.

Each of the following events is an Event of Default:

- (a) *Non-Payment*: (i) there is a default in the payment of any principal, premium or any other amounts in respect of the Bonds on the due date for such payment or (ii) there is a default in the payment of any interest in respect of the Bonds and the default, in the case of (ii) only, continues for a period of 7 consecutive business days after the due date for such payment;
- (b) *Failure to consummate an Offer to Purchase*: the failure by the Issuer to make or consummate an Offer to Purchase in the manner described under Condition 4(B);
- (c) *Failure to deliver Shares*: the Issuer fails to deliver the Shares as and when such Shares are required to be delivered following conversion of a Bond and such failure continues for more than 3 consecutive business days;
- (d) *Breach of Other Obligations*: the Issuer or, as the case may be, any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Bonds, the Bond Guarantees, the Trust Deed or the Agency Agreement (other than a default specified in Condition 10(A), 10(B) or 10(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 Bonds;
- (e) *Cross Acceleration*: there occurs with respect to any indebtedness of the Issuer or any Restricted Subsidiary having an outstanding principal amount of US\$7.5 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, (i) 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 (ii) the failure to make a principal payment when due (after giving effect to any applicable grace period);
- (f) *Enforcement Proceedings*: any final judgment or order for the payment of money in excess of US\$7.5 million (or the Dollar Equivalent thereof) in the aggregate for all such final judgments or orders shall be rendered against the Issuer or any Restricted Subsidiary and shall not be paid or discharged for a period of 60 consecutive days during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

- (g) *Insolvency:*
- (i) an involuntary case or other proceeding is commenced against the Issuer, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary or for any substantial part of the property and assets of the Issuer, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Issuer, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect; or
 - (ii) the Issuer, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant 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) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary or for all or substantially all of the property and assets of the Issuer, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary or (iii) effects any general assignment for the benefit of creditors; or
- (h) *Bond Guarantee:* the Issuer or any Subsidiary Guarantor denies or disaffirms its obligations under its Bond Guarantee or, except as permitted by these Conditions, any Bond Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Subsidiary Guarantors and/or any other person appointed by the Issuer or the Subsidiary Guarantors in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and the Trustee and the Agents need not do anything to ascertain whether an Event of Default has occurred or is continuing and will not be responsible to Bondholders or any other person for any loss arising from any failure by it to do so, and unless the Trustee or any Agent has received written notice from the Issuer or the Subsidiary Guarantors to the contrary, the Trustee and each Agent shall assume that the same are being duly performed.

For the purposes of this Condition 10:

“**Dollar Equivalent**” means, with respect to any monetary amount in a currency other than Hong Kong dollars, at any time for the determination thereof, the amount of Hong Kong dollars obtained by converting such foreign currency involved in such computation into Hong Kong dollars at the base rate for the purchase of Hong Kong dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

“Significant Subsidiary” means any Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of the Trust Deed.

“Stated Maturity” means, (1) with respect to any indebtedness, the date specified in such debt security as the fixed date on which the final instalment 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 instalment of principal of or interest on any indebtedness, the date specified as the fixed date on which such instalment is due and payable as set forth in the documentation governing such indebtedness.

11. Prescription

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest and premium) from the Relevant Date in respect thereof.

For the purposes hereof, **“Relevant Date”** means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders or payment made.

12. Enforcement

- (a) At any time after the Bonds have become due and repayable, the Trustee may, at its sole *and* absolute discretion and without further notice, take such actions, steps or proceedings (including lodging an appeal in any proceedings) against or in relation to the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed and the Conditions or otherwise, but it will not be bound to take any such actions, steps or proceedings unless (i) it shall have been so requested in writing by the holders of not less than 25% in aggregate principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.
- (b) The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

13. Meetings of Bondholders, Modification, Waiver and Substitution

(a) Meetings

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds, the Conditions, the Agency Agreement or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing over 50% in aggregate principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more

persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the due date for any payment in respect of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the amount of principal, interest or premium (if any), Equivalent Amount, Cash Conversion Amount, Additional Cash Amount or changing the method of calculation of interest, (iii) to change the currency of payment of the Bonds, (iv) to modify (except by an adjustment to the Conversion Price in accordance with Condition 6(C)) or cancel any of the Conversion Rights, (v) to modify Condition 4 (other than to the extent necessary to give effect to the creation of any Encumbrance to secure any other indebtedness, as permitted under these Conditions), (vi) to modify or cancel the Bond Guarantees or (vii) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution (each a “**Reserved Matter**”), in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66 2/3%, or at any adjourned such meeting not less than 33%, in aggregate principal amount of the Bonds for the time being outstanding.

An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting and whether or not they voted on the resolution.

The Trust Deed provides that (i) a written resolution signed by or on behalf of the holders of not less than 75% of the aggregate principal amount of Bonds outstanding (a “**Written Resolution**”) or (ii) where the Bonds are held by or on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75% of the aggregate principal amount of Bonds outstanding (an “**Electronic Consent**”) shall, in each case for all purposes, be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held.

A Written Resolution and/or Electronic Consent will be binding on all Bondholders whether or not they participated in such Written Resolution and/or Electronic Consent, as the case may be.

(b) *Modification and Waiver*

The Trustee may agree, without the consent of the Bondholders, to (i) any modification (except in respect of Reserved Matters in Condition 13(A) above) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Conditions, the Agency Agreement or the Trust Deed which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds, the Conditions, the Agency Agreement or the Trust Deed which, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modifications, waivers or authorisations will be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 16.

(c) *Interests of Bondholders*

In connection with the exercise of its trusts, powers, authorities and discretions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders (whatever their number) and in particular but without limitation, shall not have regard to the

consequences of any such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 9 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(d) Certificates/Reports

The Trustee may conclusively rely without liability to Bondholders on any report, information, opinion, confirmation or certificate or advice of any accountants, lawyers, financial advisers, financial institution or any other expert, whether or not obtained by and/or addressed to it without further investigation or enquiry and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to conclusively rely on any such information, opinion, report, confirmation or certificate or advice and, if it does so, such report, information, opinion, confirmation or certificate or advice shall be binding on the Issuer, the Subsidiary Guarantors and the Bondholders.

14. Replacement of Certificates

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15. Further Issues

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Bonds. Such further bonds may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed.

16. Notices

Any notice to the holder of any Bonds shall be sent to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of any Bonds shall also be published in a leading English language daily newspaper having general circulation in Asia (which is expected to be The Asian Wall Street Journal). The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date first publication is made.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled account holders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17. Agents

The Principal Agent, the Registrar, the Conversion Agent and the Transfer Agent initially appointed by the Issuer and the Subsidiary Guarantors and their respective specified offices are listed below. The Principal Agent, the Registrar, the Conversion Agent and the Transfer Agents act solely as agents of the Issuer and the Subsidiary Guarantors and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer and the Subsidiary Guarantors reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Agent, the Registrar, the Conversion Agent or any Transfer Agent and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent, (iv) a Conversion Agent, and (v) such other agents as may be required by any other stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee. Notice of any such change or any change of any specified office shall promptly be given to the Bondholders in accordance with Condition 16.

18. Indemnification of the Trustee and its Contracting with the Issuer

(a) Indemnification and protection of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer and the Bondholders, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer or any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default has occurred or monitor compliance by the Issuer with the provisions of the Trust Deed, the Agency Agreement or these Conditions and shall not be liable to the Issuer, the Subsidiary Guarantors, the Bondholders or to any person for any loss arising from any breach by that party or any such event.

(b) Trustee Contracting with the Issuer

The Trustee, its affiliates, directors, officers and employees are entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of the Issuer's subsidiaries or affiliate of the Issuer and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's subsidiaries or affiliates, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

19. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act or as contemplated in Condition 12.

20. Governing Law and Submission to Jurisdiction

- (a) *Governing law*: The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with the Bonds are governed by, and shall be construed in accordance with, English law.
- (b) *Hong Kong courts*: The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them and accordingly any legal action or proceedings arising out of or in connection with the Bonds, the Trust Deed and the Agency Agreement (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer and the Subsidiary Guarantors have irrevocably submitted to the jurisdiction of such courts and waived any objections to Proceedings in any such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.
- (c) *Agent for service of process*: The Subsidiary Guarantors have irrevocably appointed the Issuer as its agent in Hong Kong to receive service of process in any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Subsidiary Guarantors). If for any reason the Issuer shall cease to be such agent for service of process or no longer has an address in Hong Kong, each of the Issuer and the Subsidiary Guarantors shall promptly notify the Trustee and irrevocably agrees to appoint a substitute process agent in Hong Kong and to notify the Trustee of the acceptance by such substitute process agent of its appointment. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.
- (d) *Appropriate forum*: The Issuer and the Subsidiary Guarantors agree that the courts of Hong Kong are the most appropriate and convenient courts to settle any Proceeding and, accordingly, that they will not argue to the contrary.
- (e) *Consent to enforcement etc.*: The Issuer and the Subsidiary Guarantors consent generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which is made or given in such Proceedings.
- (f) *Waiver of immunity*: To the extent that the Issuer or the Subsidiary Guarantors may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer, the Subsidiary Guarantors or its respective assets or revenues, the Issuer or the Subsidiary Guarantors agree not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the terms and conditions of the Bonds (the “Conditions” or the “Terms and Conditions”) set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:

The Bonds will be represented by a Global Certificate which will be registered in the name of HSBC Nominees (Hong Kong) Limited as nominee for, and deposited with, a common depository for Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, promises to pay such principal sum to the holder on 6 January 2023 or on such earlier date or dates as the same may become payable in accordance with the Conditions, and to pay interest (if any) on such principal sum in arrear on the dates and at the rate specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

The Global Certificate will become exchangeable in whole, but not in part, for duly authenticated and completed individual certificates (“**Individual Certificates**”) if Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business.

Whenever the Global Certificate is to be exchanged for Individual Certificates, such Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within seven business days of the delivery, by or on behalf of the registered holder of the Global Certificate, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such Individual Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Certificates are to be registered and the principal amount of each such person’s holding) against the surrender of the Global Certificate at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Bonds scheduled thereto and, in particular, shall be effected without charge to any holder or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

In addition, the Global Certificate will contain provisions which modify the Terms and Conditions of the Bonds as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

Conversion

The Bonds are convertible into fully-paid ordinary shares of par value HK\$0.1 of the Issuer subject to and in accordance with the Conditions and the Trust Deed. Subject to the requirements of Euroclear and Clearstream (or any other clearing system (an “**Alternative Clearing System**”)), the Conversion Rights attaching to the Bonds may be exercised by the presentation thereof to or to the order of the Principal Agent of one or more Conversion Notices (as defined in the Conditions) duly completed by or on behalf of a holder of a book-entry interest in such Bonds. Deposit of the Global Certificate with the Principal Agent together with the relevant Conversion Notice(s) shall not be required. The exercise of the Conversion Right shall be notified by the Principal Agent to the Registrar and the holder of the Global Certificate.

Record Date

Each payment in respect of the Global Certificate will be made to the person shown as the holder 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 day on which each clearing system for which this Global Bond Certificate is being held is open for business.

Notices

Notwithstanding Condition 16 (*Notices*), so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any Alternative Clearing System, notices to holders of Bonds represented by the Global Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System.

Determination of entitlement

The Global Certificate is evidence of entitlement only and is not a document of title. Entitlements are determined by the Register and only the holder is entitled to payment in respect of the Global Certificate.

Transfer

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

USE OF PROCEEDS

The estimated gross proceeds from the issue of the Bonds amount to approximately US\$250 million, before the deduction of commission and expenses. We intend to use the net proceeds from this offering for refinancing certain existing offshore indebtedness and general working capital.

CAPITALISATION AND INDEBTEDNESS

Capitalisation of the Issuer

The table below sets forth the Issuer’s consolidated cash and cash equivalents, indebtedness and capitalization as of 30 June 2021 on an actual basis and as adjusted to give effect to the following:

	As of June 30, 2021			
	Actual		As Adjusted	
	HK\$	US\$	HK\$	US\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	(in thousands)			
Cash:				
Restricted cash	3,094,291	398,451	3,094,291	398,451
Cash and cash equivalents	39,760,721	5,119,977	39,760,721	5,119,977
Total cash	42,855,012	5,518,428	42,855,012	5,518,428
Short-term debt:				
Bank and financial institution borrowings	16,265,196	2,094,465	16,265,196	2,094,465
Commercial mortgage-backed securities	2,373,020	305,573	2,373,020	305,573
Senior notes	8,138,640	1,048,011	8,138,640	1,048,011
Bonds to be issued ⁽²⁾	–	–	1,941,450	250,000
Total short-term debt	27,505,151	3,541,831	29,446,601	3,791,831
Long-term debt:				
Bank and financial institution borrowings	11,858,122	1,526,967	11,858,122	1,526,967
Commercial mortgage-backed securities	1,658,494	213,564	1,658,494	213,564
Senior notes	7,669,724	987,628	7,669,724	987,628
Total long-term debt	21,186,340	2,728,159	21,186,340	2,728,159
Equity:				
Share capital	217,870	28,055	217,870	28,055
Reserves	91,907,137	11,834,858	91,907,137	11,834,858
Non-controlling interests	17,792,419	2,291,125	17,792,419	2,291,125
Total equity	109,917,426	14,154,038	109,917,426	14,154,038
Total capitalization	131,103,766	16,882,197	131,103,766	16,882,197

- (1) Total capitalisation represents total long-term debt and total equity.
- (2) Bonds to be issued represent the aggregate principal amount of the Bonds, without taking into account, and before deduction of, management and subscription commissions and other estimated transaction expenses payable.
- (3) The capitalisation table is not adjusted to reflect changes to our bank borrowings subsequent to June 30, 2021.

This table has been extracted from the consolidated financial statements and related notes incorporated by reference in this Offering Circular and should be read in conjunction with “Use of Proceeds”. There has been no material change to the Issuer’s consolidated capitalization and indebtedness since 30 June 2021.

BUSINESS

OVERVIEW

We are one of the largest property developers in China as measured by land bank. We specialize in developing medium to high-end large-scale residential properties, as well as commercial properties. We also engaged in property management, property investment and hotel management. Our geographic focus is three principal economic zones in China — the Pearl River Delta Economic Zone, the Huanbohai Economic Zone and the Yangtze River Delta Economic Zone — with Guangzhou, Beijing, Tianjin and Shanghai as our core cities, where the property markets have grown significantly in recent years.

Since 1995, we have built a recognized brand name in the PRC for quality property development through a concerted corporate strategy and business development model. From our origins in Guangzhou and the Pearl River Delta Economic Zone, we have expanded our operations into Beijing, Tianjin and Shanghai. In Guangzhou, Shanghai and Beijing, our “Regal Riviera”, “Gallopade”, “Fairview”, “Dongjiao Villa”, “Sheshan Dongziyuan” and “No. 8 Royal Park” brands have become associated with quality product design, customer service and facilities accommodating various community cultures and different operating models that meet the diverse needs of our target customers.

Each of our property developments features a unique theme, such as leisure and tourism, to enhance its positioning and marketability and contribute to our overall corporate brand. Our residential projects are typically large-scale development projects in the urban area and incorporate a variety of comprehensive amenities and public facilities to meet the needs of a community. We develop commercial properties, including retail shops, shopping malls, office buildings and hotels. Commercial properties, including integrated residential and commercial developments, have become a substantially increasing proportion of our projects portfolio in recent years. We typically seek to identify large sites in areas at their early stage of development but with significant long-term development potential and strategic importance and therefore are able to acquire land in such areas at relatively low costs. Due to the large scale of our projects, we typically develop our projects in several phases over a three to seven-year period.

As of June 30, 2021, we had 98 property projects in various stages of development, of which 42 property developments were in the Pearl River Delta Economic Zone, 33 property developments in the Huanbohai Economic Zone and 23 property developments in the Yangtze River Delta Economic Zone. As of June 30, 2021, the total saleable GFA of our land bank amounted to approximately 46.7 million sq.m. Our property projects had an aggregate sold GFA of 16.2 million sq.m., an aggregate completed but unsold GFA of 5.8 million sq.m. and an aggregate unsold GFA of 30.5 million sq.m.

In 2020, we officially included investment business as one of our principal business activities.

In addition to our property development business, we have established a diversified business portfolio which achieved robust revenue growth over the years. Our other business segments include:

- *Property investment:* we derive rental fees from our investment property portfolio located in Guangzhou, Beijing, Hangzhou and Shanghai, comprising primarily of commercial, retail and carparking spaces within the property projects developed by us. As of June 30, 2021, we had a total of 15 investment properties in various stages of development.
- *Property management:* we derive management fees from the provision of property management services in respect of properties primarily developed by us. As of June 30, 2021, we provided management services to almost all of our developed properties.
- *Infrastructure:* we primarily engage in the design and construction of our own infrastructure projects, and we also undertake external contracted works. We strive to maintain the balance between efficiency and quality in our infrastructure projects. In 2020, we implemented a technology-driven business strategy to achieve transformative change in our qualifications, platform automation and talent acquisition.

- *Investments*: leveraging on our cash surplus, we focus on medium-to-long term equity investments that yield higher capital returns and stable cash flow in a low-interest environment. Our investment philosophy is to transform the Group from a traditional property developer into a comprehensive investment holding platform empowered by technology and driven by the industry.

In addition, in order to promote our strategy on the balanced development, we expanded our businesses to capital management, community services, auto finance and elderly care services.

For the years ended December 31, 2018, 2019 and 2020 and six months ended June 30, 2020 and 2021, our total revenue was HK\$13,293.5 million, HK\$18,600.6 million and HK\$34,371.3 million (US\$4,433.1 million), HK\$10,736.7 million and HK\$16,074.3 million (US\$2,069.9 million), respectively, and our total profit was HK\$5,822.6 million, HK\$9,650.4 million, and HK\$13,688.1 million (US\$1,765.4 million), HK\$7,145.8 million and HK\$10,124.9 million (US\$1,303.8 million), respectively, during the same periods of time.

RECENT DEVELOPMENTS

Offshore loans with six banks

We set forth below a summary of certain terms and conditions of two offshore loans we have entered into with six lender banks.

These two loans have an aggregate facility amount of up to HK\$3,082 million and US\$310 million, respectively (together, the “**Relevant Loans**”), of which HK\$3,082 million and US\$30 million have been drawn down as at the date of this Offering Circular. Both of these loans have been used for the financing of our offshore working capital requirements.

Under the terms of the Relevant Loans, we, as borrower, have agreed, among other things, to maintain certain financial covenants, including maintaining a ratio of consolidated EBITDA to consolidated interest expenses (“**Interest Cover Ratio**”) to be no less than 2.5. The Interest Cover Ratio is tested semi-annually based on our audited year-end financial statements contained in our published year-end financial reports and reviewed half-year financial statements contained in our published interim financial reports, respectively. The latest testing date is December 31, 2021 and the test will be made by reference to our audited financial statements to be published for the year ended December 31, 2021.

The calculation of the Interest Cover Ratio involves the calculation of our consolidated EBITDA. Historically, a significant part of our profit before taxation is derived from increases in fair value gains on investment properties, and not solely from revenue received from sales of, or leasing of, our properties. For the years ended December 31, 2018, 2019 and 2020 and six months ended June 30, 2021, we recorded fair value gains on investment properties of HK\$4,673.3 million, HK\$8,175.8 million, HK\$763.7 million (US\$98.3 million) and HK\$24.7 million (US\$3.2 million), representing approximately 52.0%, 55.4%, 4.1% and 0.3% of our profit before taxation, respectively. The amount of fair value on investment properties has been, and continues to be, subject to market fluctuations, which is beyond our control. In addition, our estimate of fair value is based on our preliminary internal information and the valuation policies and assumptions adopted by third-party valuers. Audited figures will be used to calculate the Interest Cover Ratio to determine compliance with the Interest Cover Ratio covenant under the Relevant Loans as of the testing date of December 31, 2021.

As at the date of this Offering Circular, we believe that we are in compliance with the applicable Interest Cover Ratio covenant under the Relevant Loans. However, if there is any significant decrease in the fair value of our investment properties as of December 31, 2021, it will have a negative impact on our year-end consolidated profits for the year ended December 31, 2021. As a result, we may fail to meet the Interest Cover Ratio covenant under the Relevant Loans.

Actions taken by the Company

In seeking to address the above and as a matter of caution, as at the date of the Offering Circular we have expressly communicated our view concerning compliance with the applicable Interest Cover Ratio covenant with and provided our calculations of the Interest Cover Ratio to the respective lead facility agents of the Relevant Loans. As at the date of this Offering Circular, we have given a preliminary notification in writing to the respective lead facility agents of the Relevant Loans of our intention to fully prepay the Relevant Loans by using our cash reserves if we cannot meet the Interest Cover Ratio for the December 31, 2021 testing date and fail to get the waivers of such a breach of the Interest Cover Ratio from them. The date of the prepayment of the Relevant Loans is still to be confirmed.

In addition, we are aware that non-compliance with covenants under the Relevant Loans may trigger certain cross-acceleration, or cross-default or mandatory prepayment provisions under our other indebtedness. Our total borrowings, including both current and non-current borrowings, as of June 30, 2021 were approximately HK\$87.9 billion. As at the date of this Offering Circular, we have not received any objection from the lender banks of the Relevant Loans concerning our Interest Cover Ratio calculations for the December 31, 2021 testing date. Investors should be aware that if the lender banks of the Relevant loans do not agree with our calculation of Interest Cover Ratio as of the testing date of December 31, 2021, we will fail to comply with Interest Cover Ratio under the Relevant Loans, which may lead to a default of our other existing indebtedness due to the cross-default provisions, which may result in mandatory prepayment. Please refer to “*Risk Factors — If we breach the terms of our loans, bonds and other financings, lenders and bondholders may accelerate such loans, bonds and other financings which could result in significant liquidity problems for us and have a material adverse effect on our business, financial condition and results of operations.*” for more details on this potential risk.

As at the date of this Offering Circular, pending the release of our audited financial statements for the year ended December 31, 2021 and confirming compliance with covenants under the Relevant Loans, we and the Lead Manager will not be able to receive the comfort letters with respect of this Offering Circular as is customary for capital markets transactions of this nature and a waiveable condition precedent to closing.

Dividend payments and bonus issue

We have declared an interim dividend of HK50 cents per share to shareholders whose names appear on the register of members of the Company at the close of business on 15 October 2021. The dividend has been paid on 26 November 2021.

We have proposed to make a bonus issue of one new share for every ten existing shares held by shareholders whose names are on the register of members of the Company at the close of business on 15 October 2021 (“**Bonus Issue**”). The Bonus Issue has been made under the general mandate to issue shares of us granted by the shareholders to the Board by the resolution of the shareholders passed in our annual general meeting held on 11 June 2021. On 26 November 2021, a total of 216,544,892 shares were allotted and issued pursuant to the Bonus Issue.

COMPETITIVE STRENGTHS

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

Market leading integrated property developers in China with an established presence in key geographic markets in China

We are one of the largest property developers in China as measured by land bank with a focus on developing residential and commercial properties in the Pearl River Delta Economic Zone, the Huanbohai Economic Zone and the Yangtze River Delta Economic Zone, three principal economic zones in the PRC. We have received numerous awards since our establishment, including but not limited to the 2018 China

Real Estate Brand Value List “Quality Life Operator,” the 2018 Yicai China Real Estate Honourable Ranking “Annual Asset Profit Enterprise,” the 2018 China Real Estate Fashion Award, the Top 500 Chinese Private Companies in 2017, the 25-Years Hall of Fame Brand Enterprise in the Chinese Real Estate Industry, the Fashion Award of Chinese Real Estate Industry in 2017, Times Oscar Top 10 Chinese Real Estate Enterprises in 2016, Top 10 Brand Value of Chinese Real Estate Enterprises in Southeast China in 2016, 49th in 2019 China Real Estate Value Brand Top 100 List, 2019 China Real Estate Fashion Award, 48th in 2020 China Real Estate Value Brand Top 100 List, 2020 China Real Estate Brand Value List “Quality Life Operator” and 2020 China Real Estate Oscar Investment Holding Company with the Most Comprehensive Strength.

We have continually improved and enhanced our product mix to respond to the demands of various customers and maintain our competitiveness in the market. We offer a diversified service and product offering, including the development of high quality residential properties aiming at medium to high-end customers and commercial properties, as well as property management, property investment and hotel management. We take an integrated approach to our business and our various product offerings complement each other. For instance, we develop commercial and other investment properties held for long-term investment, such as hotels, shopping arcades, office space, car parks, golf courses and schools, on our residential properties, and we provide comprehensive post-sales property management services to purchasers of our properties. We believe that our integrated approach to property development increases the value of our residential properties, provides us with economies of scale and a strong negotiating position when dealing with contractors and materials suppliers and allows us to enhance the stability of our long-term investment revenue streams by increasing the portion of our earnings and cash flow from recurring hotel and rental income. For the year ended June 30, 2021, sustainable revenue from property management and property investment accounted for approximately 19.8% of our total revenue, which outran most of other real property companies in China. In addition, we continue to grow our investment properties portfolio, which we believe will strengthen our resilience against market fluctuations in the residential property development market.

We believe our business strategy of stable, sustainable and integral development in the past years has been proved effective, and we believe we are well positioned to capitalize on the strong economic growth trend in our targeted areas and further enhance our market leading position in China.

A comprehensive investment holding platform with synergistic development of diversified business segments

We seek for sustainable growth, technological empowerment, business innovation and diversification. With around 30 years of proactive development and expansion, we have established a full industry value chain with five key business segments, including property development, property investments, property management, infrastructure and investments.

- *Property development:* we are one of the largest property developers in China as measured by land bank. As of June 30, 2021, we had 98 property projects in various stages of development, of which 42 property developments were in the Pearl River Delta Economic Zone, 33 property developments in the Huanbohai Economic Zone and 23 property developments in the Yangtze River Delta Economic Zone. As of June 30, 2021, the total saleable GFA of our land bank amounted to approximately 46.7 million sq.m. Our property projects had an aggregate sold GFA of 16.2 million sq.m., an aggregate completed but unsold GFA of 5.8 million sq.m. and an aggregate unsold GFA of 30.5 million sq.m.
- *Property investment:* we are one of the leading commercial property operators in China with high market recognition. As of June 30, 2021, we had seven urban commercial complex in operation or under construction, all situated in the core business area of first or second tier cities in China. As of June 30, 2021, the property investment segment had a land bank of approximately 2.8 million sq.m., of which 91% was located in Beijing, Shanghai, Guangzhou, Shenzhen and Huizhou.

- *Property management*: we deployed dual headquarters located in Beijing and Guangzhou respectively. Our property development business covers northern China, eastern China, southern China and southwestern China with a top-down management model with additional commitment to first-or-second tier cities including Beijing, Shanghai, Guangzhou, Tianjing, Xi'an, Ningbo, Hangzhou and Chengdu.
- *Infrastructure*: since 2007, we have been undertaking to provide construction and operation services for residential and commercial projects. In 2020, we launched “Hopson Construction Cloud”, our pilot cloud construction digital platform that helps automatize the project management in terms of safety guidelines, quality control, procurement and supply chain finance. For the years ended December 31, 2018, 2019 and 2020 and six months ended June 30, 2021, the output value of our infrastructure business was HK\$4,263 million, HK\$6,407 million, HK\$8,453 million and HK\$4,538 million, respectively. For the years ended 31 December 2019 and 2020 and six months ended June 30, 2021, the area under construction of our infrastructure business was 10.72 million sq.m., 10.98 million sq.m. and 8.80 million sq.m respectively.
- *Investments*: we focus on medium-to-long equity investment in advanced technology. In the first half of 2021, we made a number of investments in primary and secondary market. For the six months ended June 30, 2021, the revenue from investments in the primary market and secondary market amounted to HK\$5,007 million.

Sizable, high quality and low-cost land bank located in strategic locations in China

Our breadth of experience and in-depth understanding of the market have enabled us to identify prime locations and land acquisition opportunities, allowing us to build a strong project development pipeline. We have accumulated a significant volume of land bank located in strategic locations in China, which will be sufficient for us to continue our property development activities for the next seven to ten years. As of June 30, 2021, our land bank for property development amounted to approximately 30.5 million sq.m., of which 17.3 million sq.m. was located in first-tier cities (Guangzhou, Beijing, Shenzhen and Shanghai).

A key factor to our historical success has been our ability to acquire land banks in prime locations in our targeted cities at competitive prices, thereby enabling us to achieve a premium return on the properties we have developed and sold.

We also have abundant land bank reserve in second-tier and third-tier cities neighboring the first-tier cities, which enables us to diversify our product portfolio to cater to the needs of different consumers in various locations.

In addition, we remain disciplined in replenishing and expanding our land bank to meet our business needs based on our strict investment criteria. We strive to strike a balance between development opportunity and risk control, and we seek cooperation opportunities and diversify our land acquisition channels on top of public tender, auction and listing.

High quality residential properties targeted at wide range of customers with different needs in China

We have established ourselves as a developer of high quality residential properties aiming at medium to high-end customers in first-tier cities, where the property markets have grown significantly in recent years in tandem with economic growth. Our “Regal Riviera”, “Gallopade”, “Fairview”, “Dongjiao Villa”, “Sheshan Dongziyuan” and “No. 8 Royal Park” brands have become the representation of high quality product design, customer service and facilities accommodating various community cultures and different operating models that meet the diverse needs of our target customers.

In addition, we have also leveraged our reputation in first-tier cities to expand into neighboring second-tier and third-tier cities and diversify our property portfolio to cater to the imperative housing needs of customers. Our sale of property portfolio to customers with imperative housing needs enables us to expedite our cash turnover, which helps us maintain stable cash flow and healthy financial condition.

Our revenue from the residential development projects amounted to HK\$8,639.7 million, HK\$12,848.2 million and HK\$19,075.3 million (US\$2,460.2 million) for the years ended December 31, 2018, 2019 and 2020, respectively.

Prudent operational and financial strategies and access to multiple sources of capital

We believe in and follow a prudent operation philosophy since our establishment. We monitor closely on our key financial indicators and has been able to maintain them at a healthy level. Our average cost of lending decreased from 7.9% in 2014 to 6.8% in 2020, our total liability to total assets ratio was maintained at around 60% from 2014 to 2020, which is below the industry average of 77%, while our total interest bearing facility to total capital ratio was maintained at around 45% during the same period, which is also below the industry average of 60%.

We have well-established relationships with leading banks in China which provide us with multiple financing channels to fund our business operations, including Industrial and Commercial Bank of China, China Construction Bank, Bank of China, Agricultural Bank of China, China Merchant Bank, China CITIC Bank, Ping An Bank, Industrial Bank, Bank of Shanghai, Chong Hing Bank, etc. As of June 30, 2021, total line of credit granted to us amounted to approximately RMB167.9 billion, of which RMB56.2 billion were granted by Industrial and Commercial Bank of China, China Construction Bank, Bank of China, Agricultural Bank of China, and RMB54.4 billion remained unused.

We have engaged in several fund raising activities in the international capital markets, for instance, we issued 8.125% Senior Notes due in 2012 with an aggregate principal amount of US\$350 million in November 2005, which is the first US dollar bond publicly issued by a Chinese real estate property developer. In 2007, we issued zero coupon convertible bonds due in 2010 denominated in Renminbi and settled in US dollar with an aggregate principal amount of RMB1,830.4 million, which is also the first convertible bonds denominated in Renminbi and settled in US dollar issued by a Chinese company. In addition, we also issued the US\$500 million 5.8% senior notes due 2022, HK\$720 million 5.25% senior notes due 2022, US\$237.5 million 6.8% senior notes due 2023 and US\$300 million 7.0% senior notes due 2024. We also issued commercial mortgage-backed securities with principal amount of RMB5,600 million and RMB2,000 million respectively in June 2018 and June 2019.

We believe that our ability to access the global capital markets through multiple channels provides us with flexibility to fund our operations and enhances our liquidity position.

Experienced and stable management team with proven track record and in-depth industrial knowledge

We have engaged in property development in the PRC for over 25 years since the early stages of commercial housing reform in the PRC. Our management team has extensive experience in the property development, property investment and construction industries in the PRC and has accumulated substantial knowledge of the PRC property market.

In addition, we also have a large and experienced design and planning team, consisting of architects, planning experts, landscaping specialists, interior designers and engineers, who are focused on working with our marketing team to design our high quality property projects. Our in-depth knowledge of local markets enables us to understand market trends and the preferences of our target customers and identify fast growing areas at an early stage of development but with significant development potential, which has enabled us to acquire land in such areas at relatively low costs. For example, we acquired the site of Huanan New City in February 2000 before the commencement of the Guangzhou Government's expansion plan for Guangzhou in the mid-2000s. The site was subsequently developed into the center of

the residential area in new Guangzhou, with efficient public transport connection to other major areas of Guangzhou by the Southern Expressways, Xinguang Expressway and Metro Lines No. 3 and 4, the construction of which were all commenced after our commencement of the development of this project, resulting in significant enhancement of the value of our project. We believe that our ability to identify and develop such large-scale high-quality projects in strategic locations allows us to secure premium for our projects. In addition, we have been able to apply our experience in effectively controlling and managing the quality, schedule and costs of the design and construction of our projects in the PRC, thereby improving our operational efficiency.

STRATEGIES

Our key business objective is to maintain our position as a leading residential and commercial property developer in China, while striving to achieve comprehensive development of our other business segments, such as property management and investment. We intend to seek growth opportunities and enhance profitability by pursuing the following strategies:

Continue to pursue diversification of properties portfolio and refine properties portfolio to achieve a balanced revenue profile and develop light asset operation business model

We intend to continue to expand into property management, property investment and hotel operation areas to diversify our source of revenue. At the same time, we aim to continue to refine our asset portfolio by increasing our proportion of properties held for investment to achieve greater revenue stability through recurrent hotel and rental income. We believe that such diversification measures will increase the breadth and stability of our revenue by reducing our exposure to volatility within the residential and commercial property development area.

In relation to our residential property development, we intend to optimize our properties portfolio by maintaining our steady development in first-tier cities and expediting our sales of inventorial properties in second-tier and third-tier cities in China. Meanwhile, we intend to increase our supply of properties catering to the imperative needs of customers while maintaining the stable supply of our high-end properties.

In relation to our commercial property development, we intend to further increase land and project reserve for our commercial property development, as well as improve the service quality and comprehensiveness of our ancillary property management services. We believe such strategic move will help us secure stable recurring income and cash flow.

In relation to our hotel operation business, we intend to seize the opportunity of cooperation with reputable international hotel management groups, and further deepen our cooperation to a more comprehensive level in order to further improve our hotel management expertise and brand recognition. We also intend to develop additional hotels to be operated by reputable international hotel management groups.

In addition, in light of our vast experience in property development and provision of project management services, we plan to utilise the light asset operation and management model for our development projects as and when appropriate where we will invest lesser (or do not invest) in hard assets, but will provide management and know-how in order to generate revenue and profit. We are of the view that “light asset investment” business is gradually becoming an important component of our business.

Continue to develop our financial investment business and broaden our investment and financing channel

Investment business (including private equity investment in the primary market and listed equity investment in the secondary market), in particular equity investments in high-and-new technology and medical science and technology, represents an important component of our future strategy. We intend to continue to seek optimum investment opportunities and increase our investment in the primary and

secondary markets to alleviate our financial risks faced in the volatile property development business. We also intend to broaden our investment channels by establishment of our financial investment platform and application of various financial investment qualifications. As property development business is capital intensive, we also actively explore into more financing strategies, including but not limited to use fund or investment holding companies for the fund raising for our development projects, in order to broaden our project financing channels.

Continue to strengthen our brand name

We place great emphasis on developing and maintaining our corporate image and brand recognition, and intend to continue to introduce comprehensive product and service portfolio that will enhance our profile, reputation and corporate image. We intend to continue to employ strict quality control standards and to closely monitor the product quality and the workmanship of our contractors throughout the development process. We also plan to continue to actively participate in the selection of the materials used in our projects in order to achieve desired quality levels and to maintain a cohesive brand image for our properties. In addition, we intend to continue to rigorously monitor and protect our trademarks that we consider essential to our brand image. We believe by cultivating a distinctive brand image, we will be able to further enhance our ability to attract our target customers and reinforce such customers' perception of the quality, distinctiveness and comprehensiveness of our products and services.

Maintain prudent financial management policies and enhance operational efficiency

We intend to continue to follow a prudent financial management policy that includes monitoring our cash position, controlling costs and improving operational efficiency. Construction costs constitute the largest component of our cost of sales, therefore we seek to manage our construction costs by outsourcing our construction via a negotiated tender process to third-party contractors. We have traditionally outsourced our construction work to those third-party contractors which have consistently provided us with competitive quotations and established a proven execution track record. In order to better control our construction quality and costs, we also actively participate in, and closely monitor, the selection of suppliers of key construction materials, such as cement and steel, by our main contractors. In addition, we seek to mitigate the risk of short-term fluctuations in material costs by requesting our main contractors to contract on an all-inclusive and fixed-price basis. By adhering to a prudent financial management policy, we believe that we can utilize our working capital more efficiently and maintain our profit margin.

Promotion of information technology and improvement of management and control system

We intend to promote the construction of information technology system within our Group to drive our business operation into a more standardized, digitalized, automated and intelligent level, which we believe will significantly optimize our management structure, shorten internal authorization chain and improve our operational efficiency. Since 2015, the Group has engaged Guangdong Hanjiang Engineering Construction Limited (together with its subsidiaries and its associates, “**Hanjiang Group**”) to set up the information technology infrastructure and maintain the servers of the Group, to supply information and computer system related products and facilities to the Group and to provide the Group with consultancy service, staff training and technical support for the information technology and computer systems of the Group.

BUSINESS ACTIVITIES

Our core business is the development and sale of high quality medium to high-end residential properties. We also develop and construct commercial properties used as shopping arcades, office space, carparkings and hotels. In addition, we are engaged in ancillary businesses such as property investment, property management, infrastructure and investments.

The following tables set forth the revenue contribution from our principal businesses for the periods indicated.

	Year ended December 31,						For the six months ended June 30,					
	2018		2019		2020		2020		2021			
	HK\$	%	HK\$	%	HK\$	US\$	%	HK\$	%	HK\$	US\$	%
	(in millions, except percentages)						(unaudited)					
	(in millions)						(unaudited)					
Property development	8,639.7	65.0	12,848.2	69.1	19,075.3	2,456.3	55.5	5,407.9	50.4	6,483.1	834.8	40.3
Property management	1,136.3	8.6	1,183.2	6.4	2,133.6	274.7	6.2	681.4	6.3	1,156.1	148.9	7.2
Property investment	2,434.9	18.3	3,154.4	16.9	3,624.6	466.7	10.5	1,458.5	13.6	2,026.1	260.9	12.6
Infrastructure	1,082.6	8.1	1,414.8	7.6	1,507.8	194.2	4.4	352.9	3.3	1,401.9	180.5	8.7
Investment (Note)	n/a	n/a	n/a	n/a	8,030.0	1,034.0	23.4	2,836.0	26.4	5,007.1	644.8	31.1
Total	13,293.5	100.0	18,600.6	100.0	34,371.3	4,426.0	100.0	10,736.7	100.0	16,074.3	2,069.9	100.0

Note: In 2020, the management reassessed and reported a new reportable operating segment, namely investment segment, in accordance with their economic characteristics. Investment business (including private equity investment in the primary market and listed equity investment in the secondary market, in particular equity investments in high-and-new technology and medical science and technology), represents an important component of our future strategy.

Our geographic focus is China's three principal economic zones — the Pearl River Delta Economic Zone, the Huanbohai Economic Zone and the Yangtze River Delta Economic Zone — with Guangzhou, Huizhou, Beijing, Tianjin and Shanghai as our targeted cities, where the property markets have grown significantly in recent years. In addition, we are exploring the development potential of certain neighboring second-tier and third-tier cities. We believe the development in these second and third tier cities will begin to contribute more to our results in the future and enhance the diversity of our product portfolio.

PROPERTY DEVELOPMENT

Overview

We are primarily engaged in the development and sale of quality private residential properties to the middle-to upper middle-income households in the Pearl River Delta Economic Zone, the Huanbohai Economic Zone and the Yangtze River Delta Economic Zone. We will continue to focus on the property market in Guangzhou, Huizhou, Beijing, Tianjin and Shanghai, which are rapidly growing major cities in the PRC, and pursue quality business opportunities in other second and third tier cities in the Pearl River Delta Economic Zone, the Huanbohai Economic Zone and the Yangtze River Delta Economic Zone surrounding the major cities.

Property development has been and will continue to be our largest source of revenue. For the years ended December 31, 2018, 2019 and 2020 and six months ended June 30, 2020 and 2021, revenue from property development amounted to HK\$8,639.7 million, HK\$12,848.2 million, HK\$19,075.3 million (US\$2,456.3 million), HK\$5,407.9 million and HK\$6,483.1 million (US\$834.8 million), respectively, amounting to 65.0%, 69.1%, 55.5%, 50.4% and 40.3%, respectively, of our revenue.

We focus on the development and sale of large-scale and high-quality residential projects, targeting middle-to upper middle-income households, in each of our regions of operation. Our residential properties are typically large-scale developments in the urban area of a city, which are designed with a variety of comprehensive amenities and public facilities to meet the needs of a self-contained community. We typically seek to identify large sites in areas at their early stage of development but with significant long-term development potential and strategic importance and therefore are able to acquire land in such areas at relatively low costs. In addition to residential properties, we are also expanding our development of commercial properties, including retail shops complementary to our residential properties, shopping malls, office buildings and hotels, for sale and long-term investment.

As of June 30, 2021, we had 98 projects at various stages of development, of which 42 property developments were located in the Pearl River Delta Economic Zone, 33 property developments in the Huanbohai Economic Zone and 23 property developments in the Yangtze River Delta Economic Zone. We divide our property developments into three categories: (i) completed property developments; (ii) properties under development; and (iii) properties held for future development. As our projects typically comprise multiple-phase developments which are developed on a rolling basis, one project may include different phases that are at various stages of completion, under development or held for future development. As of June 30, 2021, our total land bank amounted to a saleable GFA of approximately 46.7 million sq.m. Our property projects had an aggregate sold GFA of 16.2 million sq.m., an aggregate completed but unsold GFA of 5.8 million sq.m. and an aggregate unsold GFA of 30.5 million sq.m.

The site area information for a property development project is based on the relevant land use rights certificates we receive from the relevant construction authorities. The aggregate GFA of a property development project is calculated by multiplying the site area by the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from the local governments relating to the project or such lower plot ratio that we reasonably expect to be able to develop for such project. Unlike above-ground and semi-underground car parks, underground car parks generally are not included in a project's total GFA. The aggregate GFA of a project includes both saleable and non-saleable GFA. Saleable GFA refers primarily to residential units (including internal floor area and shared areas in the building that are exclusively allocated to such residential units) and retail shops. Non-saleable GFA refers to certain communal facilities, including, among others, club houses and schools.

Generally, the development of a property is considered completed when we have received completion certificates from the relevant construction authorities. These certificates are typically issued when we have obtained approvals from the bureaus which manage zoning, fire services and environmental protection, signed guarantees of construction quality from contractors and other documents required by applicable laws and regulations. A property is considered to be under development after we have issued an approved schedule for foundation construction with respect to the property and before the completion of the property. Typically, we issue the notice to proceed with engineering project to our contractors to commence the construction work after we have applied for and received approval for the construction of the property from the local authorities. A property is considered to be sold after we have executed a purchase contract with a customer and delivered the property to the customer. A property is considered to be pre-sold when we have executed a purchase contract with a customer but have not yet delivered the property to the customer. Properties held for future development comprise property projects with respect to which we had obtained the land use rights certificates but had not, as of June 30, 2021, obtained the requisite construction permits or approval letters for early construction.

The figures for completed GFA in this Offering Circular are taken from figures provided in the relevant government documents. The following information in this Offering Circular is based on our internal records and estimates: figures for GFA of projects under development, GFA of projects for future development, GFA sold, GFA pre-sold, saleable/leasable GFA, outstanding cost for each project, planned construction period and average selling price. The information setting out the construction period for the completed blocks or phases of our projects in this Offering Circular is based on relevant government documents or our own internal records.

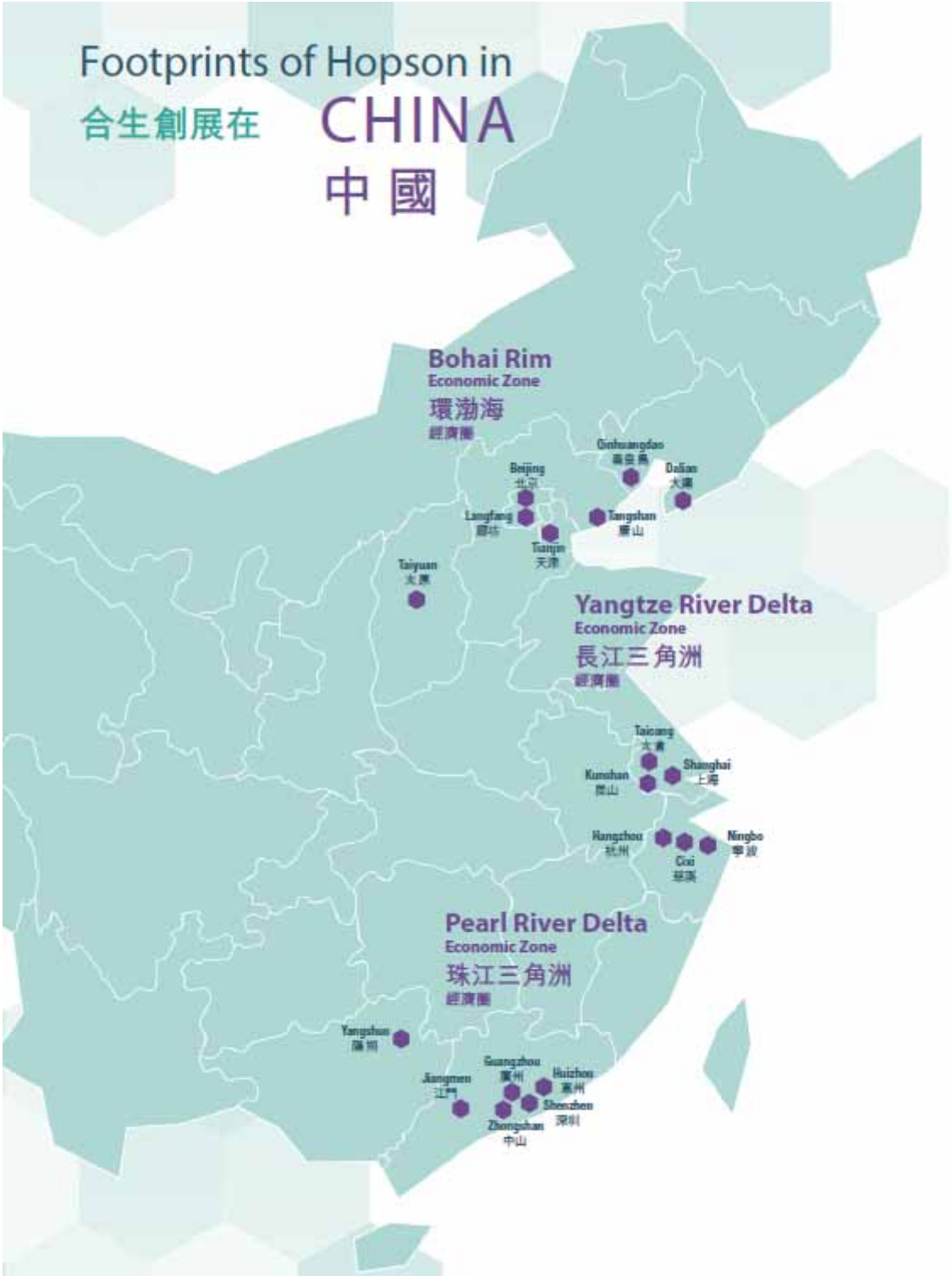
The table below sets forth the information of our major projects as of June 30, 2021.

No	Project Name	Location	Aggregate GFA for Entire Project	Total Saleable GFA	Total Saleable GFA Sold (in sq.m.)	Total Completed Saleable GFA Unsold	Total Saleable GFA Unsold (including uncompleted GFA)
Huanbohai Economic Zone							
1	Beijing Oasis (北京綠洲)	Beijing	438,713.67	398,141.77	387,441.41	10,700.36	10,700.36
2	Hopson No. 8 Royal Park (北京新京潤(合生霄雲路8號))	Beijing	922,904.48	815,487.29	194,263.77	198,582.80	621,223.52
3	Hopson Regal Riviera (北京珠江帝景)	Beijing	1,102,711.00	950,627.66	605,125.86	96,658.80	345,501.80
4	Beijing Pearl River Roman Garden (北京珠江羅馬嘉園)	Beijing	488,258.99	432,600.98	399,039.92	33,561.06	33,561.06
5	Hopson Fortune Plaza (合生財富廣場)	Beijing	59,924.10	55,656.23	–	55,656.23	55,656.23
6	Hopson International Garden (合生國際花園)	Beijing	203,572.85	184,851.15	181,827.15	3,024.00	3,024.00
7	Jinqiao Project (金橋項目)	Beijing	185,558.80	164,563.93	140,851.25	23,712.68	23,712.68
8	Makeyan Project (馬科研項目)	Beijing	746,562.26	687,495.40	–	687,495.40	687,495.40
9	Hopson Regal Court (時代帝景)	Beijing	396,085.00	366,289.00	–	366,289.00	366,289.00
10	Hopson Dreams World (合生世界村)	Beijing	649,680.81	572,547.72	321,199.82	251,347.90	251,347.90
11	Tongzhou Yongshun Project (通州永順項目)	Beijing	462,770.48	392,823.65	303,372.94	39,734.19	89,450.71
12	Hopson Kirin Club (合生麒麟社)	Beijing	151,495.87	140,236.89	93,123.94	47,112.95	47,112.95
13	Dachang Project (大廠項目)	Beijing	125,359.82	112,784.80	–	–	112,784.80
14	Miyun Project (密雲項目)	Beijing	12,327.35	12,327.35	–	–	12,327.35
15	Yuhe Project (玉河項目)	Beijing	13,650.00	10,000.00	–	–	10,000.00
16	Pomegranate Village Project (石榴莊項目)	Beijing	105,738.12	76,338.67	–	–	76,338.67
17	Fenzhong Temple L39 Block Project (分鐘寺L39地塊項目)	Beijing	55,141.00	55,141.00	–	–	55,141.00
18	Fenzhong Temple L24, L26 Block Project (分鐘寺L24、L26地塊項目)	Beijing	163,685.06	138,978.83	–	–	138,978.83
19	Daxing Jiugong Project (大興舊宮項目)	Beijing	210,459.01	186,241.41	–	–	186,241.41
	Subtotal		6,494,598.67	5,753,133.73	2,626,246.06	1,813,875.37	3,126,887.67
20	Hopson Seaside Regal Bay (濱海帝景灣)	Tianjing	246,647.61	184,077.19	140,201.23	10,139.65	43,875.96
21	Dongli Lake Project (東麗湖項目)	Tianjing	1,130,000.00	1,130,000.00	–	–	1,130,000.00
22	Tianjin Gbagbo (天津巴博)	Tianjing	162,028.34	80,319.84	–	–	80,319.84
23	Tianjin Binhai (天津濱海)	Tianjing	195,809.92	135,428.70	–	65,426.55	135,428.70
24	Hopson Tianjing (天津合生)	Tianjing	5,462,152.04	4,936,123.59	659,390.41	814,145.07	4,276,733.18
25	Tianjin Water Palace (天津水上皇宮)	Tianjing	165,135.41	162,969.42	–	162,969.42	162,969.42
26	Tianjin Hot Spring Resort (天津溫泉度假村)	Tianjing	36,793.27	36,793.27	–	36,793.27	36,793.27
	Subtotal		7,398,566.59	6,665,712.01	799,591.64	1,089,473.96	5,866,120.37
27	Hopson Regal Seashore (合生江山帝景)	Dalian, Liaoning	499,177.15	432,969.08	194,600.44	6,434.26	238,368.64
	Subtotal		499,177.15	432,969.08	194,600.44	6,434.26	238,368.64
28	Bazhou Guajazhuang Project (霸州掛甲莊項目)	Bazhou, Hebei	157,162.97	136,538.93	–	–	136,538.93
29	Caofeidian Project (曹妃甸項目)	Caofei Dian, Hebei	468,872.87	425,879.10	–	4,388.70	425,879.10
30	Langfang Project Plot 249 (廊坊項目249地塊)	Langfang, Hebei	486,743.92	267,130.94	–	–	267,130.94
31	Langfang Project Plot 226 (廊坊項目226地塊)	Langfang, Hebei	449,344.87	263,178.74	–	–	263,178.74
32	Hopson Seasky Villa (天戴河)	Qinghuangda, Hebei	1,391,992.36	1,271,834.16	–	–	1,271,834.16
	Subtotal		2,954,116.99	2,364,561.87	0.00	4,388.70	2,364,561.87
33	Hopson International City (合生國際城)	Taiyuan, Shanxi	426,142.22	382,696.69	156,004.86	50,788.45	226,691.83
	Subtotal		426,142.22	382,696.69	156,004.86	50,788.45	226,691.83
Yangtze River Delta Economic Zone							
34	Shanghai Tea Factory Project (上海茶葉廠項目)	Shanghai	37,366.00	37,366.00	–	–	37,366.00
35	Eastern Suburb Villa (東郊別墅)	Shanghai	62,838.47	62,172.52	47,018.22	15,154.30	15,154.30
36	Hopson International Garden (合生國際花園)	Shanghai	129,485.15	127,280.58	121,422.70	5,857.88	5,857.88
37	Haiyuntian International Plaza (海雲天國際廣場)	Shanghai	53,753.00	53,356.50	–	53,356.50	53,356.50
38	Hopson Town (合生城邦城)	Shanghai	614,013.41	551,124.89	528,232.67	22,369.26	22,892.22
39	Hopson Golf Apartment (合生高爾夫公寓)	Shanghai	58,708.04	57,975.65	57,120.15	855.50	855.50
40	Hopson International Plaza (合生國際廣場)	Shanghai	374,016.40	374,016.40	–	374,016.40	374,016.40

No	Project Name	Location	Aggregate GFA for Entire Project	Total Saleable GFA	Total Saleable GFA Sold	Total Completed Saleable GFA Unsold	Total Saleable GFA Unsold (including uncompleted GFA)
							(in sq.m.)
41	Hopson International Trade Center (合生國貿中心)	Shanghai	92,417.64	87,455.64	–	87,455.64	87,455.64
42	Hopson Langham Garden (合生朗廷園)	Shanghai	124,415.84	123,777.05	119,626.78	4,150.27	4,150.27
43	Hopson Yiting (合生頤廷)	Shanghai	654,621.43	582,189.17	261,181.98	37,842.21	321,007.19
44	Hopson Royal Court (合生御廷園)	Shanghai	128,578.95	123,373.83	116,998.97	6,374.86	6,374.86
45	Jinshan New Town (金山新城)	Shanghai	283,105.22	263,813.22	195,793.45	68,019.77	68,019.77
46	Sanlinji Town A14-1 Lot Project (三林集鎮A14-1地塊項目)	Shanghai	98,702.37	87,893.84	81,792.44	6,101.40	6,101.40
47	Hopson Sheshan Dongziyuan (合山佘山東紫園)	Shanghai	130,899.08	129,332.40	75,029.89	54,302.51	54,302.51
48	Songjiang Guangfulin Lot 2-5 Project (松江廣富林2-5號地塊項目)	Shanghai	131,986.42	124,287.94	75,968.02	48,319.92	48,319.92
	Subtotal		2,974,907.42	2,785,415.63	1,680,185.27	784,176.42	1,105,230.36
49	Hopson Sea Block (合生伴海)	Taicang, Jiangsu	303,342.56	274,705.39	73,462.95	178,679.84	201,242.44
50	Taicang C26-4 Plot (太倉C26-4地塊)	Taicang, Jiangsu	101,074.32	90,570.52	–	–	90,570.52
51	Kunshan Bailu Road Project (昆山柏廬路項目)	Kunshang, Jiangsu	254,847.20	228,038.16	–	–	228,038.16
	Subtotal		659,264.08	593,314.07	73,462.95	178,679.84	519,851.12
52	Hangzhou Genbei Project (杭州艮北項目)	Hangzhou, Zhejiang	166,374.62	137,044.75	–	–	137,044.75
53	The Town of Hangzhou Bay (Golf Course) (慈溪杭州灣新城高爾夫球場項目(慈城))	Cixi, Zhejiang	956,368.76	–	–	–	–
54	The Town of Hangzhou Bay (Residential Community) (慈溪杭州灣新城住宅項目(錦城))	Cixi, Zhejiang	3,028,881.62	2,636,551.98	874,008.96	366,484.76	1,752,908.30
55	The Town of Hangzhou Bay (Commercial and Hotel project) (慈溪杭州灣新城商業、酒店項目)	Cixi, Zhejiang	118,881.99	102,255.53	–	–	102,255.53
56	Hopson Ningbo International City (合生寧波國際城)	Ningbo, Zhejiang	543,089.22	482,647.09	459,641.03	23,006.06	23,006.06
	Subtotal		4,813,596.21	3,358,499.35	1,333,649.99	389,490.82	2,015,214.64
Pearl River Delta Economic Zone							
57	Hopson TIT Project International Industrial Park (合生TIT國際產業園)	Guangzhou, Guangdong	375,333.76	375,333.76	–	–	375,333.76
58	TIT Project (International Park) (TIT項目(科貿園))	Guangzhou, Guangdong	824,410.00	788,425.00	–	–	788,425.00
59	Royal View Garden (帝景華苑)	Guangzhou, Guangdong	100,685.35	98,529.62	93,973.90	4,555.72	4,555.72
60	Hopson Regal Villa (合生帝景山莊)	Guangzhou, Guangdong	488,544.83	417,057.89	71,361.51	11,784.38	345,696.38
61	Royal View Court (帝景苑)	Guangzhou, Guangdong	254,050.08	241,630.07	224,927.54	16,702.53	16,702.53
62	Panyu Pearl River (番禺珠江)	Guangzhou, Guangdong	1,369,846.63	1,367,340.64	33,992.57	14,359.07	1,333,348.07
63	Guangzhou Ma Chao (廣州馬潮)	Guangzhou, Guangdong	193,513.00	193,513.00	–	–	193,513.00
64	Hopson Royal View International (合生帝景國際)	Guangzhou, Guangdong	107,389.30	93,811.19	69,903.35	23,907.84	23,907.84
65	Qianjin Road Project (前進路項目)	Guangzhou, Guangdong	325,662.50	208,862.50	–	–	208,862.50
66	Hopson Xijing Banshan (合生熹景半山)	Guangzhou, Guangdong	410,010.34	410,010.34	–	–	410,010.34
67	Hong Jing Project (宏景項目(中山帝景苑))	Guangzhou, Guangdong	202,072.29	175,985.05	146,404.50	29,580.55	29,580.55
68	Hong Jing Yuan (鴻景園)	Guangzhou, Guangdong	67,049.18	66,819.61	66,819.61	–	–
69	Hopson Hushan International (合生湖山國際)	Guangzhou, Guangdong	1,445,615.24	1,281,006.67	550,814.02	128,802.65	730,192.65
70	Huajing New Town (華景新城)	Guangzhou, Guangdong	870,923.34	817,472.43	778,206.14	39,266.29	39,266.29

No	Project Name	Location	Aggregate GFA for Entire Project	Total Saleable GFA	Total Saleable GFA Sold (in sq.m.)	Total Completed Saleable GFA Unsold	Total Saleable GFA Unsold (including uncompleted GFA)
71	Hopson Huanan New City (合生華南新城)	Guangzhou, Guangdong	1,180,891.45	1,073,162.35	661,636.12	76,043.23	411,526.23
72	Ji'nan Garden (暨南花園)	Guangzhou, Guangdong	116,210.99	116,148.06	108,251.45	7,896.61	7,896.61
73	Jiahe Project (嘉和項目)	Guangzhou, Guangdong	258,332.62	247,063.15	59,967.75	187,095.40	187,095.40
74	駿景北苑 (科技園)	Guangzhou, Guangdong	767,861.55	709,362.49	387,074.81	1,184.49	322,287.68
75	Hopson Gallopade Park — South Court (合生駿景南苑)	Guangzhou, Guangdong	820,395.52	791,922.08	751,441.20	40,480.88	40,480.88
76	Hopson Belvedere Bay (合生君景灣)	Guangzhou, Guangdong	729,715.33	688,273.84	591,543.78	96,730.06	96,730.06
77	Xijing Project (熙景項目)	Guangzhou, Guangdong	404,364.90	356,379.33	149,178.19	17,842.48	207,201.14
78	Yijinghuayuan (頤景華苑)	Guangzhou, Guangdong	189,962.71	170,297.31	150,075.41	20,221.90	20,221.90
79	Yijing Cuiyuan (逸景翠園)	Guangzhou, Guangdong	913,936.32	843,061.13	802,502.88	9,043.56	40,558.25
80	Discovery View South Garden Project (愉景南苑項目)	Guangzhou, Guangdong	169,208.10	155,626.62	154,452.60	1,174.02	1,174.02
81	Discovery Garden (愉景雅苑)	Guangzhou, Guangdong	189,603.33	182,921.55	160,638.44	22,283.11	22,283.11
82	Yunshan Xijing (雲山熹景)	Guangzhou, Guangdong	148,025.60	138,338.65	129,903.80	8,434.85	8,434.85
83	Zhongshan Haojing (中山灩景)	Guangzhou, Guangdong	426,135.91	426,135.91	–	–	426,135.91
84	Hopson Regal Riviera (合生珠江帝景)	Guangzhou, Guangdong	1,696,617.64	1,614,820.99	983,223.72	82,977.27	631,597.27
85	Pearl River International Building (珠江國際 大廈)	Guangzhou, Guangdong	101,900.61	95,746.18	–	95,746.18	95,746.18
86	Nanghai Dali Project (南海大瀝項目)	Guangzhou, Guangdong	52,284.51	45,097.11	12,143.43	762.27	32,953.68
87	Jiangmen Project (江門項目)	Guangzhou, Guangdong	224,149.10	212,277.40	–	–	212,277.40
88	Binhai City Project (濱海城項目)	Huizhou, Guangdong	2,313,631.85	2,169,587.84	394,441.11	155,796.70	1,775,146.73
89	Hopson Regal Bay (合生帝景灣)	Huizhou, Guangdong	743,483.19	637,690.97	465,125.03	59,495.94	172,565.94
90	Hopson International New City (合生國際新城)	Huizhou, Guangdong	1,490,238.54	1,381,425.85	1,067,457.84	170,169.08	313,968.01
91	Hopson Yujing Bay (合生愉景灣)	Huizhou, Guangdong	1,948,181.12	1,826,127.20	239,219.11	47,945.77	1,586,908.09
92	Huidong Zhongfu (惠東中福)	Huizhou, Guangdong	114,004.00	96,170.80	90,082.42	6,088.38	6,088.38
93	Shidai City Project (時代城項目)	Huizhou, Guangdong	1,607,208.17	1,520,714.18	–	–	1,520,714.18
94	Fantasy House (萬想營)	Huizhou, Guangdong	1,383,667.00	1,383,667.00	–	–	1,383,667.00
95	Boro Changning (博羅長寧)	Huizhou, Guangdong	94,150.85	92,279.26	–	–	92,279.26
96	Daya Bay Xinshe Village Project (大亞灣新畚村 項目)	Huizhou, Guangdong	510,446.16	470,909.24	–	–	470,909.24
97	Shenzhen Yaoan (深圳耀安)	Shenzhen, Guangdong	59,998.34	59,998.34	–	59,998.34	59,998.34
	Subtotal		25,689,711.25	24,041,002.60	9,394,762.23	1,436,369.55	14,646,240.37
98	Yangshou Project (陽朔項目)	Yangshuo, Guangxi	362,011.81	352,482.16	–	–	352,482.16
	Subtotal		362,011.81	352,482.16	–	–	352,482.16

The following map shows the cities where our 98 projects are located as of June 30, 2021.



The following is a brief description of our major development projects as of June 30, 2021.

Hopson Regal Riviera (合生珠江帝景)

Hopson Regal Riviera is located at 23A, West Dawang Road, Chaoyang District, Beijing. This project occupies an aggregate site area of approximately 254,921 sq.m. and has an expected aggregate saleable GFA of approximately 946,294 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 701,785 sq.m.

As of June 30, 2021, properties with an aggregate saleable GFA of approximately 605,126 sq.m. had been sold and delivered.

As of June 30, 2021, properties under development and held for future development had an expected aggregate saleable GFA of approximately 345,502 sq.m.

This project offers buildings for residential purposes. It also includes a club house. We have a 100% interest in this project.

Hopson No. 8 Royal Park (合生霄雲路8號)

Hopson No. 8 Royal Park is located at Xiaoyun Road, Chaoyang District, Beijing. It is being developed by Beijing Xingjingrun Property Co., Ltd., a project company in which we hold an 80% equity interest. This project occupies an aggregate site area of approximately 200,000 sq.m. and has an expected aggregate saleable GFA of approximately 919,122 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 392,847 sq.m., properties with an aggregate saleable GFA of approximately 194,264 sq.m. had been sold and delivered.

As of June 30, 2021, properties under development and held for future development had expected aggregate saleable GFA of approximately 621,224 sq.m., respectively.

This project offers buildings for residential purposes. It also includes a club house. We have an 82.5% interest in this project.

Hopson Dreams World (合生世界村)

Hopson Dreams World is located at Majuqiao Town, Liangshui River south, Yizhuang, Tongzhou District, Beijing. It is being developed by Beijing Hopson Beifang Real Estate Development Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 129,070 sq.m. and has an expected aggregate saleable GFA of approximately 650,935 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 572,548 sq.m., properties with an aggregate saleable GFA of approximately 324,687 sq.m. had been sold and delivered.

This project offers buildings for residential purposes and a shopping arcade. We have a 100% interest in this project.

Hopson Regal Court (合生時代帝景)

Hopson Regal Court is located at West Dawang Road, Chaoyang District, Beijing. It is being developed by Beijing Hopson Yujing Property Development Company Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 47,285 sq.m. and has an expected aggregate saleable GFA of approximately 396,085 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 366,289 sq.m. and we have completed all the properties in Hopson Regal Court.

This project offers buildings for office and retail shop purposes. We have a 100% interest in this project.

Yuhe Project (玉河項目)

Yuhe Project is located at Southern District of Yuhe Wenbao Area, Dongcheng District, Beijing. It is being developed by Beijing Derun Fengtai Asset Management Company Limited, Beijing Dingyi Langxuan Investment Consultants Company Limited, Beijing Jianing Meitian Arts and Culture Company Limited, Beijing Jiasheng Chuangyi Culture and Media Company Limited, Beijing Ruihua Shiji Advertising Company Limited, Beijing Tianhe Yitai Arts and Culture Company Limited, and Beijing Zhuozhan Dekai Advertising Company Limited. The project companies acquired and upgraded an old Siheyuan, a historical type of residence, for future resale.

As of June 30, 2021, this property project was still under construction with an expected aggregate saleable GFA of approximately 10,000 sq.m.

This project offers buildings for residential purposes. We have a 100% interest in this project.

Hopson Regal Park (合生濱江帝景)

Hopson Regal Park is located at Qiaozhuang Village, Yongshun Town, Tongzhou District, Beijing. It is being developed by Beijing Hopson Lu Zhou Real Estate Development Limited, another wholly-owned project company of ours. This project occupies an aggregate site area of approximately 87,640 sq.m. and has an expected aggregate saleable GFA of approximately 398,142 sq.m.

As of June 30, 2021, the development of this project has been completed and properties with an aggregate saleable GFA of approximately 303,459 sq.m had been sold and delivered.

This project offers buildings for residential purposes. We have a 100% interest in this project.

Beijing Miyun Project (密雲項目)

Beijing Miyun Project is located at Shanzi Reservoir, Bulaotun Village, Miyun County, Beijing. It is being developed by Beijing Rui Yu Investment Management Company Limited, a project company in which we hold a 100% interest. This project occupies an aggregate site area of approximately 49,924 sq.m. and has an expected aggregate saleable GFA of approximately 12,327 sq.m.

As of June 30, 2021, this project remained held for future development with an expected aggregate saleable GFA of approximately 12,327 sq.m.

This project offers buildings for residential purposes. We have a 100% interest in this project.

Hopson Regal (合生帝景)

Hopson Regal is located at East of Wenquan East Road, North of National Highway 102, Dachang Hui Autonomous County, Langfang City, Hebei Province. This project occupies an aggregate site area of approximately 43,603 sq.m. and has an expected aggregate saleable GFA of approximately 112,784 sq.m.

As of June 30, 2021, all properties of this project were under development.

This project offers buildings for residential purposes. We have a 90.91% interest in this project.

Jingjin New Town (京津新城)

Jingjin New Town is located at Zhujiang South Road, Zhouliangzhuang Town, Baodi District, Tianjin. It is being developed by Tianjin Hopson Zhujiang Real Estate Development Limited, a project company in which we hold a 92.3% equity interest. This project occupies an aggregate site area of approximately 14,775,757 sq.m. and has an expected aggregate saleable GFA of approximately 5,021,633 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 1,473,535 sq.m., approximately 659,390 sq.m. of which had been sold and delivered.

As of June 30, 2021, properties under development and held for future development had expected aggregate saleable GFA of approximately 4,276,733 sq.m.

This project primarily offers buildings for residential purposes. It also includes a shopping arcade and ancillary facilities such as a luxury hotel and a golf course constructed in accordance with international standard. We have a 92.3% interest in this project.

Hopson Belvedere Bay (合生君景灣)

Hopson Belvedere Bay is located at Interchange of Dongshi Road and No. 1 Shipcanal, Tanggu Development Zone, Tianjin. It is being developed by Tianjin Ruiwan Investment Development Co., Ltd., a project company in which we hold a 100.0% equity interest. This project occupies an aggregate site area of approximately 69,401 sq.m. and has an expected aggregate saleable GFA of approximately 184,077 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 150,341 sq.m., approximately 140,145 sq.m. of which had been sold and delivered.

As of June 30, 2021, properties under development and held for further development had expected aggregate saleable GFA of approximately 33,736 sq.m.

This project primarily offers buildings for residential purposes. It also includes a shopping arcade and ancillary facilities such as a luxury hotel and a golf course constructed in accordance with international standard. We have a 100.0% interest in this project.

Tianjin Hopson International Tower (天津合生國際大廈)

Tianjin Hopson International Tower is located at Interchange of Fuan Main Street and Xingan Road, Heping District, Tianjin. It is being developed by Tianjin Hopson Binhai Real Estate Development Company Limited, a project company in which we hold a 98.9% equity interest. This project occupies an aggregate site area of approximately 20,631 sq.m. and has an expected aggregate saleable GFA of approximately 135,429 sq.m.

As of June 30, 2021, all properties of this project were under development and are expected to complete in 2022 or after.

This project is expected to offer buildings for residential purposes. We have a 98.9% interest in this project.

Tianjin Hopson International Mansion (天津合生國際公寓)

Tianjin Hopson International Mansion is located at Interchange of Weijin South Road and Shuishang North Road, Nankai District, Tianjin. It is being developed by Tianjin Babo Real Estate Development Company Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 15,989 sq.m. and has an expected aggregate GFA of approximately 111,206 sq.m.

As of June 30, 2021, all properties of this project were under development and are expected to complete in 2022 and after.

This project is expected to offer buildings for residential purposes. We have a 100% interest in this project.

Dongli Lake Project (東麗湖項目)

Dongli Lake Project is located at East Chitu Town, Dongli Avenue North, Dongli Lake West, Dongli District, Tianjin. It is being developed by Tianjin Zeye Modern Agricultural Development Co., Limited, our wholly-owned project company. This project occupies an aggregate site area of 1,130,000 sq.m. and has an expected aggregate saleable GFA of approximately 1,130,000 sq.m.

As of June 30, 2021, properties of this project remained held for future development. The land occupied by Dongli Lake is collectively-owned land. We must convert this parcel of land to state-owned land before we commence construction.

This project is expected to offer buildings for residential purposes. We have a 100% interest in this project.

Hopson Regal Seashore (合生江山帝景)

Hopson Regal Seashore Project is located at Yanbei Road, Tieshan Town, Lushunkou District, Dalian. It is being developed by Dalian Hopson Xing Ye Real Estate Development Company Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 233,598 sq.m. and has an expected aggregate GFA of approximately 435,600 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 201,035 sq.m. and properties with an aggregate saleable GFA of approximately 194,600 sq.m. had been sold and delivered.

As of June 30, 2021, properties under development had expected aggregate saleable GFA of approximately 238,369 sq.m.

This project is expected to offer buildings for residential purposes. We have a 100% interest in this project.

Hopson International City (合生國際城)

Hopson International City is located at West of Bingzhou Road, East of Tiyu Road and North of Eryingpan Street, Taiyuan, Shanxi. It is being developed by Shanxi Hopson Dijing Construction Company Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 92,564 sq.m. and has an expected aggregate saleable GFA of approximately 449,541 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 206,793 sq.m. and properties with an aggregate saleable GFA of approximately 156,005 sq.m. had been sold and delivered.

As of June 30, 2021, properties under development and held for future development had expected aggregate saleable GFA of approximately 226,692 sq.m.

This project is expected to offer buildings for residential purposes and a shopping arcade. It will also include hotel and club houses. We have a 100% interest in this project.

Hopson Seasky Villa (天戴河)

Hopson Seasky Villa is located at the intersection of Hebei and Liaoning Provinces, Northwestern coast of Liaodong Bay. It is being developed by Suizhong Haisheng Tourism Development Corporation, a project company in which we hold a 51% equity interest. This project occupies an aggregate site area of approximately 579,002 sq.m. and has an expected aggregate saleable GFA of approximately 1,271,834 sq.m.

As of June 30, 2021, properties under development and properties held for future development had an expected aggregate saleable GFA of approximately 1,271,834 sq.m.

This project offers buildings for residential purposes. It will also include a shopping arcade and club houses. We have a 51% interest in this project.

Hopson Town (合生城邦城)

Hopson Town is located at Anning Road, Minhang District, Shanghai. It is being developed by Shanghai Lung Meng Real Estate Development Company Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 517,475 sq.m. and has an expected aggregate saleable GFA of approximately 551,329 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 550,602 sq.m. and properties with an aggregate saleable GFA of approximately 528,081 sq.m. had been sold and delivered.

This project offers terraced houses and high-rise apartment buildings. It also includes kindergarten. We have a 100% interest in this project.

Hopson Sheshan Dongziyuan (合山佘山東紫園)

Hopson Sheshan Dongziyuan is located at Linhu Road, Shanghai Sheshan National Holiday Resort, Shanghai. It is being developed by Shanghai Long Jia Properties Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 443,726 sq.m. and has an expected aggregate saleable GFA of approximately 127,161 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 129,332 sq.m. and properties with an aggregate saleable GFA of approximately 75,030 sq.m. had been sold and delivered.

This project offers villa buildings. We have a 100% interest in this project.

Hopson Guangfuhui (廣富匯)

Hopson Guangfuhui is located at Lot Nos. 2-5, Guang Fu Lin, Songjiang District, Shanghai. It is being developed by Shanghai Hopson Jinting Real Estate Development Company Ltd., a project company in which we hold a 100% interest. This project occupies an aggregate site area of approximately 94,476 sq.m. and has an expected aggregate saleable GFA of approximately 124,288 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 124,288 sq.m. and properties with an aggregate saleable GFA of approximately 75,968 sq.m. had been sold and delivered.

This project offers buildings for residential purposes. We have a 100% interest in this project.

Hopson Asset Seascape Residence (合生財富海景公館)

Hopson Asset Seascape Residence is located at Lot E25, Hangzhou Bay Avenue, Longsheng Road, Jinshan New District, Shanghai. It is being developed by Shanghai Hopson Linhai Real Estate Development Company Limited, a project company in which we hold a 100% interest. This project occupies an aggregate site area of approximately 88,449 sq.m. and has an expected aggregate saleable GFA of approximately 258,412 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 263,813 sq.m. and properties with an aggregate saleable GFA of approximately 195,793 sq.m. had been sold and delivered.

This project offers buildings for residential purposes. We have a 100% interest in this project.

Shanghai Tea Factory Project (上海茶葉廠項目)

Shanghai Tea Factory Project is located at No. 1300 Jungong Road, Yangpu District, Shanghai. It is being developed by Shanghai Tongzhen Investment Consulting Co., Ltd. This project occupies an aggregate site area of approximately 36,914 sq.m and has an expected aggregate saleable GFA of approximately 37,366 sq.m.

As of June 30, 2021, all the properties were held for further development which had an expected aggregate saleable GFA of approximately 37,366 sq.m.

This project is expected to offer buildings primarily for residential purposes. We have a 100% interest in this project.

Hopson International Garden (合生國際花園)

Hopson International Garden is located at Zhoushi Town, Kunshan, Greater Suzhou, Jiangsu Province. It is being developed by Kunshan Hopson Property Development Company Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 255,581 sq.m. and has an expected aggregate saleable GFA of approximately 587,288 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 127,281 sq.m. and properties with an aggregate saleable GFA of approximately 121,423 sq.m. had been sold and delivered.

This project offers buildings primarily for residential purposes. We have a 100% interest in this project.

The Town of Hangzhou Bay (合生杭州灣國際新城)

The Town of Hangzhou Bay is located in the northwestern region of Hangzhou Bay New District, Cixi, Ningbo, Zhejiang Province. It is being developed by Ningbo Hopson Kam City Real Estate Company Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 3,947,845 sq.m. and has an expected aggregate saleable GFA of approximately 2,767,715 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 1,240,494 sq.m. and properties with an aggregate saleable GFA of approximately 874,009 sq.m. had been sold and delivered.

As of June 30, 2021, properties under development and held for future development had expected aggregate saleable GFA of approximately 1,752,908 sq.m.

This project offers buildings for residential purposes. It will also include a shopping arcade and a chamber. We have a 100% interest in this project.

Hopson Sea Block (合生伴海)

Hopson Sea Block is located at No. 588, Longjiang Road, Taicang, Suzhou, Jiangsu Province. It is being developed by Suzhou Ruiyin Real Estate Company Ltd., a project company in which we hold a 100% interest. This project occupies an aggregate site area of approximately 100,044 sq.m. and has an expected aggregate saleable GFA of approximately 275,347 sq.m.

As of June 30, 2021, properties under development had expected aggregate saleable GFA of approximately 252,143 sq.m.

This project offers buildings for residential purposes. We have a 100% interest in this project.

Hopson Pleasant View Garden (合生逸景翠園)

Hopson Pleasant View Garden is located at Guangzhou Avenue South, Haizhu District, Guangzhou. It is being developed by Guangdong Hopson Lejing Real Estate Co. Limited, our wholly-owned project company, Guangzhou Hopson Cuijing Real Estate Limited, a project company in which we hold a 97% equity interest, Guangzhou Hopson Yijing Real Estate Limited, a project company in which we hold a 99.5% equity interest, and Guangdong New Tai An Real Estate Limited, our wholly-owned subsidiary. This project occupies an aggregate site area of 309,882 sq.m. and has an expected aggregate saleable GFA of approximately 970,187 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 811,546 sq.m. and properties with an aggregate saleable GFA of approximately 802,503 sq.m. had been sold and delivered.

As of June 30, 2021, properties under development and held for future development had an expected aggregate saleable GFA of approximately 40,558 sq.m.

This project offers buildings for residential, commercial, retail and carparking purposes. It also includes retail shops and ancillary facilities such as a club house, a kindergarten and two schools. We have a 94.98% interest in this project.

Hopson Huanan New City (合生華南新城)

Hopson Huanan New City is located at Xingnan Avenue, Panyu District, Guangzhou. It is being developed by Guangdong Huanan New City Real Estate Limited. This project occupies an aggregate site area of approximately 549,431 sq.m. and has an expected aggregate saleable GFA of approximately 941,973 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 737,679 sq.m. and properties with an aggregate saleable GFA of approximately 661,636 sq.m. had been sold and delivered.

As of June 30, 2021, properties under development held for future development had an expected aggregate saleable GFA of approximately 411,526 sq.m.

This project offers villa buildings. It also includes retail shops and ancillary facilities such as a club house, a kindergarten and two schools. We have a 100% interest in this project.

Hopson Gallopade Park — South Court (合生駿景南苑)

Hopson Gallopade Park — South Court located to the East of Tianhe Park on the site of the Asian Games Guangzhou, which is located in the heart of Eastern Tianhe. It is being developed by Guangzhou Hopson Junjing Real Estate Limited, a project company in which we hold a 95% equity interest. This project occupies an aggregate site area of approximately 222,022 sq.m. and has an expected aggregate saleable GFA of approximately 791,922 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 791,922 sq.m. and properties with an aggregate saleable GFA of approximately 751,498 sq.m. had been sold and delivered.

As of June 30, 2021, we did not hold any properties for future development.

This project offers buildings for residential purposes. It also includes retail shops and ancillary facilities such as a club house, a kindergarten and a primary school. We have a 95% interest in this project.

Hopson Regal Riviera (合生珠江帝景)

Hopson Regal Riviera is located at Haojing Street, Yizhou Road, Haizhu District, the new city center of Guangzhou. It is being developed by Guangzhou Zhujiang Qiaodu Real Estate Limited, a project company in which we hold a 99.5% interest. This project occupies an aggregate site area of approximately 397,193 sq.m. and has an expected aggregate saleable GFA of approximately 1,599,491 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 1,066,201 sq.m. and properties with an aggregate saleable GFA of approximately 983,224 sq.m. had been sold and delivered.

As of June 30, 2021, properties under development and held for future development had an expected aggregate saleable GFA of approximately 631,597 sq.m.

This project offers buildings for residential, commercial, retail and carparking purposes. It also includes retail shops and ancillary facilities such as a hotel, a club house, a kindergarten and a primary school. We have a 99.5% interest in this project.

Hopson Regal Villa (合生帝景山莊)

Hopson Regal Villa is located at the mid-levels of Aoti Road, Tianhe District, Guangzhou. It is being developed by Guangzhou Hopson Dongyu Real Estate Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 221,529 sq.m. and has an expected aggregate saleable GFA of approximately 402,601 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 83,146 sq.m. and properties with an aggregate saleable GFA of approximately 71,362 sq.m. had been sold and delivered.

As of June 30, 2021, properties under development and held for future development had an expected aggregate saleable GFA of approximately 345,696 sq.m.

This project offers residential and retail space. It also includes ancillary facilities such as a kindergarten and a primary school. We have a 100% interest in this project.

Hopson Belvedere Bay (合生君景灣)

Hopson Belvedere Bay is located at Huangqi Beicun Avenue, Dali, Nanhai District, Foshan, Guangzhou. It is being developed by Guangdong Hopson Hong Jing Real Estate Company Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 211,343 sq.m. and has an expected aggregate saleable GFA of approximately 692,533 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 688,274 sq.m. and properties with an aggregate saleable GFA of approximately 591,544 sq.m. had been sold and delivered.

This project offers residential and retail space. It also includes facilities such as a club house and a kindergarten. We have a 100% interest in this project.

Hopson Xijing Banshan (合生熹景半山)

Hopson Xijing Banshan is located at Honbenggang Reservoir, Shiling Town, Huadu District, Guangzhou. It is being developed by Guangzhou Xin Chang Jiang Development Limited, a project company in which we have a 95.5% interest. This project occupies an aggregate site area of approximately 352,744 sq.m. and has an expected aggregate saleable GFA of approximately 410,010 sq.m.

As of June 30, 2021, properties held for future development had expected aggregate saleable GFA of approximately 410,010 sq.m., respectively.

This project offers residential and retail space. It will also include ancillary facilities such as a club house, a kindergarten and a hospital. We have a 95.5% interest in this project.

Zhujiang Technology Innovation Park (TIT項目(珠江科技創意園))

Zhujiang Technology Innovation Park is located adjacent to Machao Industry Estate, Jiufu Town, Guangzhou. It is being developed by Guangzhou Dongtai Textile Industry Co., Ltd., a project company in which we hold a 55% equity interest. This project occupies an aggregate site area of approximately 242,567 sq.m. and has an expected aggregate saleable GFA of approximately 193,513 sq.m.

As of June 30, 2021, this project remained held for future development.

This project offers buildings for residential, commercial, retail and carparking purposes. It also includes retail shops and ancillary facilities such as a kindergarten and a middle school. We have a 55% interest in this project.

Hopson Hushan International (合生湖山國際)

Hopson Hushan International is located at Yuanzhang Avenue, Xintang Town, Zengcheng City, Guangdong province. It is being developed by Guangzhou Ziyun Village Real Estate Company Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 443,571 sq.m. and has an expected aggregate saleable GFA of approximately 1,305,814 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 679,617 sq.m. and properties with an aggregate saleable GFA of approximately 550,814 sq.m. had been sold and delivered.

As of June 30, 2021, properties under development and held for future development had expected aggregate saleable GFA of approximately 730,193 sq.m.

This project offers residential and retail space. It also includes ancillary facilities such as a club house, a kindergarten and two schools. We have a 100% interest in this project.

Qianjin Road Project (前進路項目)

Qianjin Road Project is located at Qianjin Road, Haizhu District, Guangzhou. It is being developed by Guangzhou Hopson Shengjing Real Estate Company Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 54,286 sq.m. and has an expected aggregate saleable GFA of approximately 208,863 sq.m.

As of December 2020, this project remained held for future development.

This project is expected to offer buildings for residential purposes. We have a 100% interest in this project.

Hopson TIT International Industrial Park (合生TIT國際產業園)

Hopson TIT International Industrial Park is located at Dawo Village, Tanbu Village, Huadu District, Guangzhou. It is being developed by Guangzhou Dongtai Textile Industry Company Limited, a project company in which we hold a 65% interest. This project occupies an aggregate site area of approximately 296,921 sq.m. and has an expected aggregate saleable GFA of approximately 375,334 sq.m.

As of June 30, 2021, properties under development and properties held for future development had expected aggregate saleable GFA of approximately 28,843 sq.m. and 346,490 sq.m., respectively.

This project offers buildings for residential purposes. We have a 65% interest in this project.

TIT Project (International Park) (TIT項目(科貿園))

TIT Project (International Park) is located at No. 489 Xingang Mid Road, Haizhu District, Guangzhou. It is being developed by Guangzhou No.1 Dyeing and Weaving Co., Ltd., a project company in which we hold a 65% equity interest. This project occupies an aggregate site area of approximately 111,267 sq.m. and has an expected aggregate saleable GFA of approximately 788,425 sq.m.

As of June 30, 2021, this project remained held for future development.

This project offers buildings for residential, commercial, retail and carparking purposes. It also includes retail shops and ancillary facilities such as a kindergarten and a middle school. We have a 65% interest in this project.

Hopson Yijing Mingyuan (合生頤景茗苑)

Hopson Yijing Mingyuan is located adjacent to the Provincial Family Healthcare Hospital, Xingnan Avenue, Panyu District, Guangzhou. It is being developed by Guangzhou Zhujiang Qiaodu Real Estate Co., Ltd., a project company in which we hold a 100% equity interest. This project occupies an aggregate site area of approximately 904,458 sq.m. and has an expected aggregate saleable GFA of approximately 1,367,341 sq.m.

As of June 30, 2021, the completed properties had an aggregate saleable GFA of approximately 48,352 sq.m. and properties with an aggregate saleable GFA of approximately 33,993 sq.m. had been sold and delivered.

This project offers buildings for residential, commercial, retail and carparking purposes. It also includes retail shops and ancillary facilities such as a kindergarten and a middle school. We have a 100% interest in this project.

Huizhou Yujing Bay (合生愉景灣)

Huizhou Yujing Bay is located at Longhe East Road, Shuikou Town, Huizhou, Guangdong province. It is being developed by Huizhou Yapai Real Estate Company Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 611,560 sq.m. and has an expected aggregate saleable GFA of approximately 1,828,781 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 287,165 sq.m. and properties with an aggregate saleable GFA of approximately 239,219 sq.m. had been sold and delivered.

As of June 30, 2021, properties under development and held for future development had an expected aggregate saleable GFA of approximately 1,586,908 sq.m.

This project offers buildings for residential purposes, including town houses. We have a 100% interest in this project.

Huizhou Regal Bay (合生帝景灣)

Huizhou Regal Bay is located at Wenchangyi Road, Jiangbei District, Huizhou, Guangdong province. It is being developed by Guangdong Hopson Dijing Real Estate Co. Ltd., our wholly-owned project company. This project occupies an aggregate site area of approximately 206,272 sq.m. and has an expected aggregate saleable GFA of approximately 637,691 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 524,621 sq.m. and properties with an aggregate saleable GFA of approximately 465,125 sq.m. had been sold and delivered.

As of June 30, 2021, properties under development and held for future development had an expected aggregate saleable GFA of approximately 172,566 sq.m., the development of which are expected to complete in 2022 and after.

This project offers buildings for residential purposes, including town houses. It also includes a shopping arcade and ancillary facilities such as a hotel. We have a 100% interest in this project.

Hopson International New City (合生國際新城)

Hopson International New City is located at corner of Sanhuan East Road, Shuikou Town, Huizhou, Guangdong province. It is being developed by Huizhou Yaxin Real Estate Company Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 635,086 sq.m. and has an expected aggregate saleable GFA of approximately 1,376,036 sq.m.

As of June 30, 2021, completed properties had an aggregate saleable GFA of approximately 1,237,627 sq.m. and properties with an aggregate saleable GFA of approximately 1,067,458 sq.m. had been sold and delivered.

As of June 30, 2021, properties under development and held for future development had expected aggregate saleable GFA of approximately 313,968 sq.m.

This project offers buildings for residential purposes, including town houses. It also includes shopping arcade. We have a 100% interest in this project.

Shenzhen Wilcon Industrial Park (深圳耀安工業園)

Shenzhen Wilcon Industrial Park is located at No. 53 Xiantian Road, Xin Sheng Village, Longgang Road Office, Longgang District, Shenzhen. It is being developed by Zhongshan Hopson Hao Jing Real Estate Company Limited, a project company in which we have a 100.0% interest. This project occupies an aggregate site area of approximately 33,700 sq.m. and has an expected aggregate saleable GFA of approximately 59,998 sq.m.

As of June 30, 2021, this project remained held for future development.

This project is expected to offer buildings for residential and retail purposes. We have a 100.0% interest in this project.

LAND BANK

As of June 30, 2021, the total saleable GFA of our land bank amounted to approximately 46.7 million sq.m., of which 65.2% has yet to be developed.

While Guangzhou, Huizhou, Beijing, Tianjin and Shanghai will continue to be our core location of operations, we plan on increasing our presence in other cities in the future. As of June 30, 2021, approximately 25.2%, 24.0%, 19.6%, 19.3% and 11.9% of our land bank was located in Guangzhou, Huizhou, Beijing, Tianjin and Shanghai, respectively.

The following table sets forth a breakdown of our land bank in terms of saleable area by usage and location as of June 30, 2021:

	Guangzhou	Huizhou	Beijing	Tianjin	Shanghai	Ningbo	Total
	(in million sq.m)						
Residential	4.15	5.27	4.15	5.49	2.17	–	21.23
Shopping Arcade	0.95	0.24	0.37	0.05	0.30	0.02	1.93
Office	0.92	0.25	0.34	0.15	0.19	–	1.85
Car parks	1.41	1.45	0.96	–	0.87	–	4.69
Hotel	0.24	0.11	0.16	0.18	0.09	–	0.78
Total	7.67	7.32	5.98	5.87	3.62	0.02	30.48

The following table sets forth a breakdown of our land bank in terms of saleable area by development status and location as of June 30, 2021:

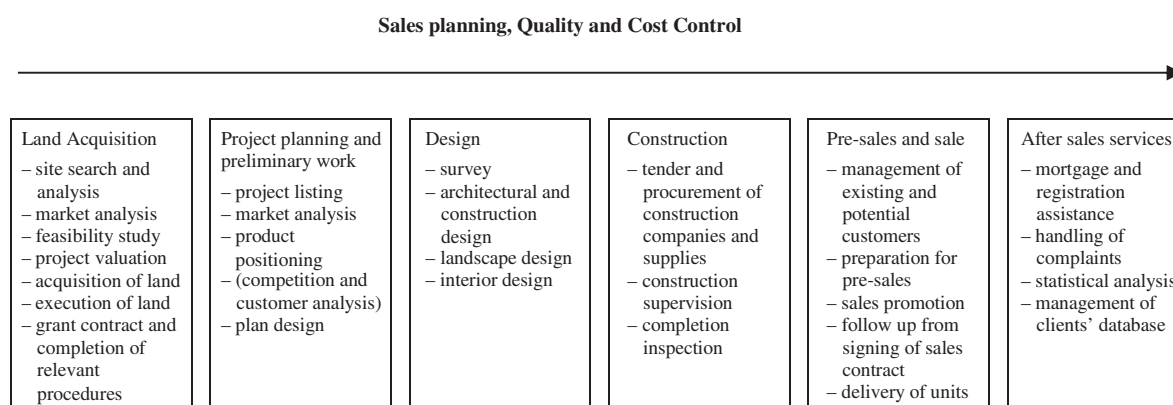
	Guangzhou	Huizhou	Beijing	Tianjin	Shanghai	Ningbo	Total
	(in million sq.m)						
Completed properties	1.00	0.44	1.87	1.16	1.33	0.02	5.82
Properties under development	1.32	1.99	1.82	0.96	2.15	–	8.24
Properties to be developed	5.35	4.89	2.29	3.75	0.14	–	16.42
Total	7.67	7.32	5.98	5.87	3.62	0.02	30.48

The following table sets forth a breakdown of our land bank in terms of saleable area by development status and usage as of June 30, 2021:

	Residential	Shopping Arcade	Office	Car parks	Hotel	Total
	(in million sq.m.)					
Completed properties	2.75	0.84	0.54	1.39	0.30	5.82
Properties under development	6.39	0.21	0.14	1.43	0.07	8.24
Properties to be developed	12.09	0.88	1.17	1.87	0.41	16.42
Total	21.23	1.93	1.85	4.69	0.78	30.48

PROPERTY DEVELOPMENT AND PROJECT MANAGEMENT PROCEDURE

The development of our properties usually entails six phases: land acquisition, project planning and preliminary work, design, project construction, pre-sales and sales, and after-sales services. The following diagram illustrates the stages of the property development cycle in the PRC:



The typical development cycle for vacant land in the PRC is approximately 18 to 30 months, whereas the development cycle for urban property projects can be longer, particularly for project sites that are not vacant at the time of acquisition. Depending on the size of a development and other factors, however, the entire development period may be substantially longer. As we focus on large-scale property developments, we typically develop our projects in phases over a three to seven-year period. Our pace of property development is determined by selling prices, sales volume and the level of our land reserves. As a result, we may obtain multiple governmental approvals and permits, including land use rights certificates, from the relevant authorities for a group of property developments that we view as a single property development for business purposes.

The relevant authorities will not generally issue the formal land use rights certificate in respect of a piece of land until the construction land use approval and the land planning permit have been obtained by the developer, the land premium is paid in full and the resettlement process is completed. As a result, in order to adjust to the pace of development, the land for a property development may be divided into one or more parcels for which multiple land use rights certificates were granted at different stages of development. Before we can deliver these properties to our purchasers, however, we need to have obtained the general property ownership certificates evidencing both the land use rights and the ownership interests in the buildings erected on the land.

We design and develop land according to the preliminary development plan, including the total GFA that may be built, in our land grant contracts. The actual GFA constructed, however, may exceed the total GFA authorized in the land grant contracts due to factors such as subsequent planning and design adjustments. The total GFA of some of our existing developments may have exceeded the original authorized area. This excess GFA is subject to governmental approval and may result in us paying additional land premiums and/or a penalty.

We are actively involved in all of the different stages of the development process in order to control the costs, schedule and quality of our projects. Except for the construction work which is contracted to third-party construction companies, we oversee and largely perform all aspects of our development operations, including selection and purchase of the sites, preparation of the feasibility studies, obtaining government approvals, design of the development project, supervising construction, and marketing and managing completed projects.

SITE SELECTION AND PRODUCT POSITIONING

We place a strong emphasis on the site selection process and consider it fundamental to the success of a property development project. We conduct an in-depth market analysis in order to understand the trends of the property market and market prices before commencing or launching a property development. We have established a land acquisition positioning committee to oversee the land acquisition process and assess available land acquisition options based on the following criteria:

- development plans of the government for the relevant site;
- cost, investment and financial return ratios;
- site area;
- accessibility of the site and available infrastructural support;
- consumer demand for properties in the area;
- competition from other developments in the area; and
- convenience and the amenities close to the site (such as natural parks, greenery, schools, rivers and commercial facilities).

Land Acquisition

Prior to the introduction by the PRC government of regulations requiring that land use rights for property development be granted through public tender, auction or listing-for-sale, we obtained most of our land use rights through purchase arrangements or cooperative arrangements with local governments or from the original grantees of land use rights.

In 2002, MLR issued The Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale as amended on September 28, 2007 and effective from November 1, 2007, which provides that, with limited exemptions, state-owned land use rights for profitable purposes such as industrial use, commercial use, tourism, entertainment and commodity residential properties in the PRC, as well as for land in which more than two land users are interested, can only be granted by the government through public tender, auction or listing-for-sale. In deciding to whom the land use rights should be awarded, the local government considers not only the tender price, but also the credit and qualification of the tendering party and the tender proposal. We believe these measures result in a more transparent land grant process, which enable developers to compete more effectively. We obtain most of our land use rights through public tender, auction, listing-for-sale, joint developments and acquisitions.

Under current regulations, grantees of land use rights are generally permitted to sell, assign or transfer the land use rights granted to them in secondary markets *provided* that they comply with the terms and conditions in the land use rights grant contract, unless the transferor is a state-owned enterprise or a collectively owned enterprise or the land use right is obtained by way of allocation. Where grants of commercial land use rights in the secondary markets are not permitted, the land must be granted through public tenders, auction or listing-for-sale. In order to acquire land in strategic locations at competitive prices, we intend to acquire land use rights through each of these venues, including through cooperative arrangements with third parties in the secondary markets or through acquisitions of corporate entities. The availability of privately held land will, however, remain limited and subject to uncertainties.

Since November 2007, a regulation issued by MLR requires property developers to pay the land premium in full for the entire parcel of land under the land grant contract before they can receive a land use rights certificate. As a result, property developers are not permitted to bid for a large piece of land on which they only make a partial land premium payment, then subsequently apply for a land use rights certificate for a portion of land in order to commence development, which had been common practice by many developers in the PRC. In March 2010, MLR issued a circular imposing more stringent requirements on the payment of land premium by property developers. The implementation of the regulation requires property developers to maintain a higher level of working capital than was previously required. As a result, under this regulation, larger property developers are generally in a better position to bid for large parcels of land due to their stronger financial condition.

We have obtained substantially all of our land use rights through government land sales and secondary market land sales. In certain cases, we may acquire land use rights by acquiring a corporate entity which owns the land use rights or is in the process of acquiring the land use rights. Upon completion of the acquisition, we complete the land acquisition and develop the land through the acquired entity.

Financing of Land Premiums and Property Developments

We have four main sources of funding for our property developments: internal resources, bank loans, trust financing arrangements and proceeds from pre-sales. Our financing method varies from property to property, although we are required by the PRC government to fund a substantial portion of our property developments with internal resources. Nevertheless, our policy is to finance property developments with external sources of financing, to the extent practicable, and pre-sell the development where we have satisfied the regulatory requirements for pre-sales and where market conditions allow in order to maximize our capital efficiency and the return-on-equity of our projects. We supplement external financing of our property developments with internal resources to satisfy the regulatory requirements.

Prior to June 2003, we financed our payments of land premiums through a combination of borrowings from banks and proceeds from the sales and pre-sales of properties. Since June 2003 commercial banks have been prohibited under the PBOC guidelines from advancing loans to fund the payment of land premium. As a result, we use our proceeds from the sales of properties and sources other than bank borrowings to pay for land premiums. In addition, the local bureaus of land resources and housing management abolished the installment payment method in connection with the transfer of state-owned land use rights. As a result, property developers are generally required to make a lump sum payment for the land premium within the period stipulated in the land grant contracts. In November 2009 and January 2010, the PRC government adjusted certain policies in order to enhance the regulation of the property market, including imposing more stringent requirements on the payment of land premiums.

In addition to restrictions on land premium financing, the PRC government also limits the extent to us property developers may fund their property projects by external sources of funding. Under guidelines jointly issued by MOC and other PRC government authorities in May 2006, commercial banks in China are not permitted to lend funds to property developers with an internal capital ratio, calculated by dividing the internal funds available by the total project capital required for the project, of less than 35%, an increase of five percentage points from 30% as previously required. In May 2009, as part of its measure to mitigate the impact of the recent global economic downturn, the PRC government lowered this ratio to 20% for affordable housing projects and ordinary commodity housing projects and to 30% for other property projects to stimulate property developments in China. The PRC government has recently announced a series of measures curtail the overheating of the PRC property market. As a result, property developers, including ourselves, must now fund at 35% of property developments with internal sources of funds. As such, we may not be able to secure adequate finding resources to fund our property development. See “*Risk Factor — Risks Relating to Our Business — We may not have adequate finding resources to finance land acquisitions or property developments, or service our financing obligations.*”

We typically use internal funds, project loans from PRC banks and funds from trust financing arrangements to finance the initial construction cost of our property developments. We use additional cash generated from pre-sales of properties when they meet the requirements of pre-sale under the national and local regulations. Such proceeds from pre-sales, together with the project loans, are our major sources of financing for the construction of our projects. When developers utilize bank loans to fund property developments, banks typically require guarantees from the developers’ affiliates, security over bank deposits and/or mortgages over the assets of such developer and its subsidiaries.

Project Management

We have implemented a three-tier organization structure to manage our projects.

Headquarters

We oversee and control the major milestones of all of our developments, including strategic planning, project identification, site acquisition, financing and budget control, from our headquarters, located in Beijing. Our headquarters include, among others, our sales and marketing division, design and planning division, land acquisition and development division, and project management division.

Regional Offices

In order to enhance the management and coordination of our projects, we organize our projects under five regional offices in each of Guangzhou, Huizhou, Beijing, Shanghai and Tianjin. Senior management staff with local knowledge are appointed as regional heads. Each of the regional offices is responsible for overseeing the marketing, financing, technology, human resources and construction management of the projects located in its region within a budget set by our headquarters and within our overall strategic goals. Each regional head reports to our chairman and chief executive officer, who oversee our business operations as a whole.

Project Companies

In addition to project management from our headquarters and regional offices, we also have direct management control over our projects through the general managers of our project companies. All of the general managers are appointed by us and are responsible for the day-to-day operations and project management of each individual project. Each individual project company is responsible for implementing infrastructure, engineering and supervision of day-to-day construction work. Each general manager reports to regional chief manager.

We seek to control the cost of development from an early stage of the project development process. Feasibility studies, which include market analyses of prospective projects and assist our management in deciding whether to develop a particular site, are prepared by our project companies and approved by our headquarters. During the construction phase, our project companies are responsible for managing site progress. They work closely with the contractors to control costs and to ensure the quality of the construction work. We believe that by actively supervising the construction of our projects, we can enhance the quality while controlling the cost of our projects.

Design

The project design work for our property developments is typically conducted by reputable domestic architectural and interior design firms under contract with the assistance of our internal design team, which plan the architectural, landscape and interior designs of the relevant property development in accordance with our requirements. We have an internal design team, comprising architects, planning experts, landscaping specialists, interior designers as well as structural, mechanical, electrical and plumbing engineers. In addition, we are among the first non-state-owned property developers to set up a design institute with an A-Grade Qualification Certificate for Project Design issued by MOHURD. We believe our modularized design and development system has enhanced our production efficiency.

The design companies become involved in planning research and preliminary design work for a development project at the site selection and land acquisition stages. When determining the design of a particular property development, the designers and engineers generally consider the recommendations of our marketing and sales center regarding product mix, project location and market conditions, as well as the regulatory requirements regarding the design. Involving the design companies at an early stage allows for the formulation of a preliminary design when we are negotiating with the government, enabling us to commence construction shortly after the requisite approval to develop a parcel of land has been granted. The overall time needed to complete the development is therefore reduced.

Contracting

We engage third-party contractors to provide various services, including construction, piling and foundation, building and property fitting-out work, interior decoration, installation of air-conditioning units and elevators, and landscaping and gardening services. We have traditionally engaged A-class domestic contractors, such as Guangdong Hanjiang Engineering Construction Limited (“**Guangdong Hanjiang**”), China State Construction Group, Jiangsu Zhongnan Construction Group Co., Ltd. and Fujian Bajian Construction Engineering Co., Ltd., as the main contractors in respect of our development projects. We select contractors through a negotiated tender process on the basis of the quality of their work, pricing and completion schedule. The tender procedures must comply with the relevant local regulations. The total contractor fee we pay our contractors takes into account the costs of these supplies and our construction contract with our contractors typically allows adjustment to the total contractor fees if at the time of purchasing supplies, the prices of materials have fluctuated beyond the range stipulated in the construction contract.

The construction contracts contain warranties from construction companies in respect of quality and timely completion of the construction. We require construction companies to comply with PRC laws and regulations on the quality of construction products as well as our own standards and specifications. Contractors are also subject to our quality control procedures, including examination of materials and

supplies, on-site inspection and production of progress reports. Payments for construction work are determined primarily on the basis of the estimated labor and material costs and fitting requirements and are usually computed on a per square meter basis.

Contractor's fees are paid in installments in accordance with the progress of construction. The first installment typically represents 20% of the contractor's fees and is usually paid when construction is 30% complete. The second installment typically represents an additional 20% of the contractor's fees and is usually paid when construction is 50% complete. The third installment typically represents an additional 30% of the contractor's fees and is usually paid when construction is 80% complete. The fourth installment typically represents an additional 25% of the contractor's fee and is usually paid when construction is fully complete. The remaining balance of the contractor's fee is withheld by us as a retention fund for three years. In the event of a delay in construction or unsatisfactory workmanship, we may withhold construction payments or require the construction companies to pay a penalty or provide other remedies under PRC law and our contracts to recover any loss. For the years ended 2018, 2019 and 2020 construction fees of HK\$86.3 million, HK\$985.0 million, HK\$532.1 million (US\$68.6 million), respectively, were paid or made payable to Guangdong Zhujiang and Guangdong Hanjiang.

We have not had any major disputes with any of our construction contractors. All payments are made in Renminbi.

Installation and Decoration Work

The final stage of most of our projects includes installation and decoration in accordance with the standards set out in our design specifications for the project. Hanjiang Group, the branch office of China State Construction Engineering Group, provides most of the installation and decoration services for our projects. We also outsource some components of the installation and decoration work to independent third parties through a tender process.

Quality Management System

We place a strong emphasis on quality control to ensure that the quality of our residential developments and services complies with relevant regulations and meets market standards. Quality control procedures are in place in our various functional departments, as well as in each of our project companies. For each property development project, quality inspections and regulatory compliance reviews are carried out by the construction company, construction supervisory companies and our project management department. Although we outsource all of our construction work to third-party contractors, we maintain a team of engineers that supervises the construction works of each development project.

In accordance with the PRC regulations, we engage the services of PRC-qualified third-party construction supervisory companies to supervise the construction of our property developments. These construction supervisory companies oversee, under a construction supervision contract, the progress and quality of the construction work of a property development throughout the construction phase. We select construction supervisory companies through a tender process. In the past, we have often engaged Guangzhou Pearl River Engineering Construction Supervision Co., Ltd. to supervise our property developments.

Internal guidelines have been established and are monitored to ensure control over documentation, record-keeping, internal audit, service standards, remedial actions, preventive actions, management control, construction standards, staff quality, recruitment standards, staff training, construction supervision, supervisory inspection, monitoring and surveillance, information exchange and data analysis.

Payment Method and Mortgage Financing

Purchasers may pay for our properties by way of lump sum payment or payment in installments or payments with mortgage facilities, with the first installment comprising in general at least 30% of the purchase price.

We make arrangements with various domestic banks to provide mortgage facilities to purchasers of our properties. In accordance with current market practice, we continue to provide guarantees to mortgagee banks in respect of all mortgages offered to our customers, but only from the date of the relevant mortgage up to the date of submission of the relevant real estate ownership certificates and certificates of other interests in the property by us to the mortgagee bank and completion of the registration of the mortgage with the relevant local authority (which generally occurs after vacant possession has been delivered to the purchaser). In our experience, the period of such pre-registration guarantees typically ranges from 20 to 36 months. If, during the guarantee period, a borrower defaults on its repayment obligations, we will be liable to pay to the mortgagee bank the amount owing to them from the purchaser, but we will have the right to take possession and re-sell the mortgaged property. Accordingly, the period in which we actually bear the credit risk of our customers starts from the date we deliver vacant possession to the purchaser. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As of June 30, 2021, the outstanding guarantees over the mortgage loans of our customers amounted to HK\$17,120.4 million (US\$2,204.6 million). We have not experienced any default by a material portion of such customers under the pre-registration guarantees. We, however, cannot assure you that this will continue. See “*Risk Factor — Risks Relating to Our Business — We have provided guarantees to secure obligations of our properties for repayment. A default by a significant number of purchasers would adversely affect our financial condition.*”

Pre-Sales

Our policy is to pre-sell a property (i.e. sell property in advance of our completing its construction) as soon as the development has reached the stage when pre-sales are permitted under PRC laws. The majority of our properties are sold on a pre-sale basis.

We must apply to the relevant government authorities for pre-sale permits before commencing with the pre-sale of our properties. Under the PRC Law of the Administration of Urban Real Estate and the Administrative Measures Governing the Pre-sale of Urban Real Estate, we must meet the following conditions before the pre-sale of a particular property can commence:

- the land premium must have been paid in full and the relevant land use rights certificate must have been obtained;
- the construction planning permit and the construction permit must have been obtained;
- the funds earmarked for the development of a property must not be less than 25% of the total amount to be invested in the project and the progress and the expected completion date of the construction work must have been confirmed; and
- the pre-sale permit must have been issued.

Local governments have also implemented regulations relating to pre-sales of properties, some of which contain stricter requirements than the central government regulations. We are subject to these local regulations in areas where we have property developments.

Pre-sales are conducted in accordance with the terms of the land bureau of the local authority. Typical regulations on pre-sales include delivery times, termination events and guaranteed GFA of the unit sold. We are typically required to provide warranties with respect to minimum GFA for a unit, repairs and maintenance for one to three years, construction in accordance with approved plans, satisfactory inspection upon completion of the unit and approval of all necessary land use rights. If any buyer fails to pay the balance of the purchase price, we are entitled to resell the property and retain the pre-sale proceeds previously received in respect of that property.

Under PRC law, the proceeds from the pre-sales of our properties must be deposited in escrow accounts. Before the completion of the pre-sold properties, money deposited in these escrow accounts may only be used to purchase construction materials and equipment, make interim construction payments and pay taxes, subject to prior approval from the relevant local authorities. As of December 31, 2018, 2019 and 2020, our total deposited proceeds in such escrow accounts was approximately HK\$1,713.9 million, HK\$5,035.9 million, HK\$7,390.0 million (US\$953.1 million), respectively.

Sales and Marketing

Our sales force is distributed throughout our nationwide network. Overall sales and marketing coordination is located at our headquarters in Beijing.

Our customer base is predominantly PRC individuals. Our sales and marketing team formulates our marketing strategy, such as the production of videos, project brochures, sales documents, price lists, payment terms, floor plans and project models. We also market through advertising campaigns in newspapers and on television to increase public awareness of our “Regal Riviera,” “Gallopade,” “Fairview,” “Dongjiao Villa,” “Sheshan Dongziyuan,” and “No. 8 Royal Park” brands and new development projects. Currently all of our property sales are conducted through our own sales force. Only one property development in our operating history, namely Fairview South Court, was sold through the assistance of an outside real estate agent. We have established an Investment Committee and a Commercial Property Committee who are responsible for project positioning and operation process managing. In addition, to further develop our brand name recognition, we introduced Hopson Club in June 2001, which serves as an interface between us and our customers. Customers who enroll in Hopson Club are entitled to receive updates on our latest developments and discounts at various designated shops and restaurants. In addition, we also organize customer events and product exhibitions to improve customer relations and enhance their confidence in our properties.

Our marketing and sales team is involved in our property development beginning from an early stage and provides input at key steps. During project evaluation and before commencement of construction, our sales and marketing team usually carries out substantial market research for particular projects, including identifying property trends, prospects and market potential. By identifying the potential demand for, and strengths and weaknesses of, a project at an early stage, we are able to formulate our marketing and promotion strategies at the planning stage of each project and target our sales efforts at potential classes of purchasers for the project throughout its development. During the project design and construction stage, our marketing and sales team also works closely with our project design team to formulate, modify and execute a design plan according to consumer preferences and market feedback. Our sales team regularly provides customer feedback to our design team and other departments in order to make continuous improvements.

Our sales representatives are remunerated by a combination of a fixed base salary and a variable commission. Each member of the sales force is allocated annual sales targets, and upon achievement of each sales target, the sales force member is compensated with a commission at a pre-determined percentage of sales volume. Sales targets vary by geographic location, depending on the average sales price of property in the region.

After-Sales Services

We assist our customers by arranging for and providing information relating to financing, including information on potential mortgagee banks and the mortgage terms that they offer. We also assist our customers in various title registration procedures relating to the properties. We maintain a client relationship management system to foster customer relationships. Members of the Customer Services Department carry out customer surveys with the purchasers normally one year after delivery of possession to seek customer feedback on the design and quality of the properties and the quality of our customer and management services. Such data is then taken into account when developing and planning new projects. We also have a subdivision devoted to handling customer complaints and maintenance and repair requests. We believe that such services promote customer confidence and are effective in enhancing our brand name and encouraging customers to purchase, or recommend others to purchase, properties that we develop.

PROPERTY INVESTMENT

Our investment property portfolio includes office buildings, retail shop units, shopping malls and hotels. As of June 30, 2021, we had 15 investment properties.

Hopson Zhujiang International Tower (合生珠江國際大廈)

Hopson Zhujiang International Tower is located at Yuehua Road, Yuexiu District, Guangzhou. It was developed by Guangdong Hopson Yuehua Real Estate Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 6,560 sq.m. and has an aggregate GFA of approximately 95,378 sq.m.

As of June 30, 2021, construction of all properties in this project had been completed.

This project offers office and retail space. We have a 100% interest in this project.

Hopson Plaza (合生廣場)

Hopson plaza is located at Guangzhou Avenue South, Haizhu District, Guangzhou. It is being developed by Guangzhou Yi Cheng Real Estate Development Limited, a project company in which we hold a 100.0% equity interest, and Guangzhou Yi Hui Real Estate Development Limited, a project company in which we hold a 100.0% equity interest. This project occupies an aggregate site area of approximately 6,560 sq.m. and has an expected aggregate GFA of approximately 163,362 sq.m.

As of June 30, 2021, construction of all properties in this project had been completed.

This project offers commercial, retail and carparking space. We have a 100% interest in this project.

Hopson Regal International (合生帝景國際)

Hopson Regal International is located at No.188 Changgang Mid Road, Haizhu District, Guangzhou, Guangzhou Province. It is being developed by Guangzhou Jiannan Real Estate Development Co., Ltd. This project occupies an aggregate site area of approximately 13,257 sq.m. and has an expected aggregate GFA of approximately 104,845 sq.m.

As of June 30, 2021, construction of all properties in this project had been completed.

This project offers commercial, retail and carparking space. We have a 100% interest in this project.

Hopson Gallopade Plaza (合生駿景廣場)

Hopson Gallopade Plaza is located at No. 1138 West of Zhongshan Avenue, Tianhe District, Guangzhou, Guangdong. It is being developed by Guangzhou Hopson Junjing Real Estate Co., Ltd. This project occupies an aggregate site area of approximately 7,152 sq.m. and has an expected aggregate GFA of approximately 25,739 sq.m.

As of June 30, 2021, construction of all properties in this project had been completed.

This project offers commercial, retail and carparking space. We have a 95% interest in this project.

Hopson Fortune Plaza (合生財富廣場)

Hopson Fortune Plaza is located at De Wai Guan Xiang, Xicheng District, Beijing. It is being developed by Beijing Hopson Xing Ye Real Estate Development Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 9,459 sq.m. and has an aggregate GFA of approximately 58,701 sq.m.

As of June 30, 2021, construction of all properties in this project had been completed.

This project offers office space, a shopping arcade and apartment buildings. We have a 100% interest in this project.

Hopson Kylin Xintiandi (合生麒麟新天地)

Hopson Kylin Xintiandi is located at Interchange of Wangjing Futong West Avenue and Wangjing Street, Chaoyang District, Beijing. It is being developed by Beijing Hopson Wangjing Real Estate Development Co., Ltd. This project occupies an aggregate site area of approximately 10,718 sq.m and has an aggregated GFA of approximately 48,694 sq.m.

As of June 30, 2021, construction of all properties in this project had been completed.

This project offers commercial, shop and carparking space. We have a 100% interest in this project.

Makeyan Project (馬科研項目)

Makeyan Project is located at Plot A (Southern Region) and Plot D (Southern Region) of Scientific Research Site of National Environmental Protection Industrial Park, Tongzhou District, Beijing. It is being developed by Beijing Chuanghe Fengwei Real Property Development Co., Ltd. and Beijing Shengchuang Hengda Real Property Development Co., Ltd. This project occupies an aggregate site area of approximately 136,129 sq.m and has an expected aggregate GFA of approximately 746,562 sq.m.

This project offers buildings for purposes of scientific research. We have a 100% interest in this project.

Hopson Regal Fortune Plaza (合生帝景財富廣場)

Hopson Regal Fortune Plaza is located at Building 223, No. 28 Guangqu Road, Chaoyang District, Beijing. It is being developed by Beijing Hopson Beifang Real Estate Development Co., Ltd. This project occupies an aggregate site area of approximately 8,924 sq.m and has an expected aggregated GFA of approximately 23,864 sq.m.

As of June 30, 2021, construction of all properties in this project had been completed.

This project offers commercial, office and retail space. We have a 100% interest in this project.

Hopson Fortune Plaza (合生財富廣場)

Hopson Fortune Plaza is located at Feihong Road, Hongkou District, Shanghai. It is being developed by Shanghai Shangzhi Haiyun Properties Company Limited, our wholly-owned project company. This project occupies an aggregate site area of approximately 9,894 sq.m. and has an aggregate GFA of approximately 53,753 sq.m.

As of June 30, 2021, construction of all properties in this project had been completed.

This project offers office space and a shopping arcade. We have a 100% interest in this project.

Hopson World Trade Centre (杭州合生國貿中心)

Hopson World Trade Centre is located at Tianmushan Road, Xihu District, Hangzhou. It is being developed by Zhejiang Ke Hua Digital Plaza Company Limited, a project company in which we hold a 95% equity interest. This project occupies an aggregate site area of approximately 31,810 sq.m. and has an aggregate GFA of approximately 92,418 sq.m.

As of June 30, 2021, construction of all properties in this project had been completed.

This project offers office space and a shopping arcade. We have a 95% interest in this project.

Hopson One Shopping Mall (北京合生匯)

Hopson One Shopping Mall is located at Dawang Road West, Chaoyang District, Beijing. It is being developed by Beijing Hopson Yujing Real Estate Development Co., Ltd., a project company in which we hold a 100% equity interest. This project occupies an aggregate site area of approximately 47,285 sq.m. and has an aggregate GFA of approximately 308,490 sq.m.

As of June 30, 2021, construction of all properties in this project had been completed.

This project offers office space and a shopping arcade. We have a 100% interest in this project.

Hopson International Plaza (合生國際廣場)

Hopson International Plaza is located at Xiangyin Road, Yangpu District, Shanghai. It is being developed by Shanghai Dazhan Investment Management Co., Ltd. and Zhongxian International Holding Co., Ltd., project companies in which we hold 100% equity interest. This project occupies an aggregate site area of approximately 91,806 sq.m. and has an expected aggregate GFA of approximately 313,161 sq.m.

As of June 30, 2021, construction of all properties in this project had been completed.

This project offers office space and a shopping arcade. We have a 100% interest in this project.

Shenzhen Wilcon Industrial Park (深圳耀安工業園)

Shenzhen Wilcon Industrial Park is located at No. 53 Xiantian Road, Xin Sheng Village, Longgang Road Office, Longgang District, Shenzhen. It is being developed by Yaoan Battery Power Source Technology (Shenzhen) Co., Ltd., a project company in which we hold a 100.0% equity interest. This project occupies an aggregate site area of approximately 33,700 sq.m. and has an expected aggregate GFA of approximately 59,998 sq.m.

As of June 30, 2021, the construction of this project is expected to complete after 2021.

This project offers office space. We have a 100% interest in this project.

Tianjin Hopson International Tower (天津合生國際大廈)

Tianjin Hopson International Tower is located at Interchange of Fuan Main Street and Xingan Road, Heping District, Tianjin. It is being developed by a project company in which we hold a 98.94% equity interest. As of June 30, 2021, Tianjin Hopson International Tower had a gross GFA of 97,816 sq.m. and is intended for commercial purposes and carparking.

PROPERTY MANAGEMENT

We provide property management services in respect of properties primarily developed by us through our wholly-owned subsidiaries, Guangdong Esteem Property Services Limited and Beijing Zhujiang Century Property Management Limited. We believe that the provision of quality and value-added management services of an international standard enable us to enhance recognition of our brand and maintain our reputation as a developer of quality properties. We seek to provide comprehensive quality post-sales property management and post-sales services to purchasers of our properties, including services such as rental agency, security, maintenance, operation of clubhouse, cleaning of public areas, domestic assistance, gardening and landscaping and other services.

Our property management companies generally enter into property management agreements with the property owners. The property management contract sets forth the scope and the quality requirements of the services provided by our property management companies. We are not allowed to assign the management responsibilities to a third party. However, we can outsource some of the responsibilities, such as cleaning and security services, to independent third parties. We are responsible for establishing the property management procedures and preparing maintenance and renovation plans with respect to the properties and public facilities. The property management contracts also establish the payment arrangements of management fees, which cannot be increased without the prior consent of the property owners. Under PRC laws and regulations, property owners have a right to engage or dismiss a property management company with the consent of more than 50% of the owners who in the aggregate hold more than 50% of the total non-communal area of the building.

For the years ended December 31, 2018, 2019 and 2020 and six months ended June 30, 2020 and 2021, revenue from property management amounted to HK\$1,136.3 million, HK\$1,183.1 million, HK\$2,133.6 million (US\$274.7 million), HK\$681.4 million and HK\$1,156.1 million (US\$148.9 million), respectively, amounting to 8.5%, 6.4%, 6.2%, 6.3% and 7.2%, respectively, of our revenue.

HOTEL OPERATIONS

We engage in hotel development and operations to complement our residential property development business. While we have historically derived a substantial majority of our revenue from residential property development, we expect revenue contribution from our hotel operations to steadily increase with the completion of new hotels currently under development in the next few years. Our first hotel, Guangzhou Regal Riviera Hotel, commenced operations in July 2004. Wyndham Grand Tianjin Jingjin City is managed by Hyatt Group, an internationally renowned hotel group, and commenced its soft opening in September 2007. We believe that by engaging Hyatt Group to operate our hotel in Tianjin, we will be able to benefit from its hotel operation expertise, as well as its integrated marketing services, reservation systems and employee training programs. They will also enable us to leverage its internationally recognized brand name to enhance our reputation and corporate image.

Since 2019, the revenue from our hotel operations is no longer reported on a stand-alone basis in our consolidated financial statements.

COMPETITION

We believe that the property market in the PRC is fragmented and that there is no single dominant market player. Competition is primarily based on factors such as location, types of properties offered, brand recognition, quality, facilities and supporting infrastructure, services and pricing. Our existing and potential competitors include major domestic state-owned and private property developers in the PRC, and, to a lesser extent, property developers from Hong Kong and elsewhere in Asia. A number of our competitors have greater financial and other capital resources, marketing and other capabilities and/or name recognition than us. In addition, some local companies have extensive local knowledge and business relationships and/or a longer operational track record in the relevant local markets than us while international companies are able to capitalize on their overseas experience to compete in the PRC markets. Intensified competition between property developers may result in increased costs for land acquisition, oversupply of properties and a slowdown in the approval process for new property developments by the relevant government authorities.

EMPLOYEES

As of December 31, 2018, 2019 and 2020 and June 30, 2021, we had 9,576, 10,385, 11,368 and 11,367 employees, respectively.

We place great emphasis on the training and development of our employees and provide a wide range of training programs for them. In addition to providing internal courses, we also engage outside professionals and consultants to organize seminars and training courses to equip our employees with new

knowledge in the industry. We also sponsor our employees to attend external training programs organized by various institutions to acquire advanced knowledge and skills.

The remuneration package of our employees includes salary, bonus and other cash subsidies. In general, we determine employee salaries based on each employee's qualification, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our determination on salary raise, bonus and promotion. We are subject to social insurance contribution plans organized by governments. All of our Hong Kong employees have joined a Mandatory Provident Fund Scheme (the "MPF Scheme"), which is a defined contribution scheme managed by an independent trustee. Under the MPF scheme, each of us and our employees make a minimum monthly contribution to the scheme of 5% of the employees' relevant income as defined under the Mandatory Provident Fund legislation. In addition, as stipulated by the rules and regulations in the PRC, we and our employees are required to make monthly contributions to state-sponsored social labor insurance plans and housing reserve funds for the benefit of our employees in the PRC. The amounts of such contributions depend on local laws and regulations. We have no further obligations in respect of the actual payment of pensions beyond these contributions. The state-sponsored plans are responsible for the entire pension obligations payable to retired employees.

Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. We believe our relationship with our employees is good. We have not experienced significant labor disputes which adversely affected or are likely to have an adverse effect on the operations of our business had occurred.

LEGAL PROCEEDINGS

We are involved in various legal proceedings arising out of the ordinary course of our business with various parties involved in the development, sale and leasing of our properties, including contractors, suppliers, partners, purchasers and lessees.

We believe the ultimate outcome of our legal proceedings would not, individually or in aggregate, have a material adverse effect on our financial position, results of operations or cash flow. However, there can be no assurance that we will not be involved in a larger number of proceedings after the date of this Offering Circular or that the outcome of such proceedings commenced after the date of this Offering Circular will not materially and adversely affect our financial position, results of operations or cash flow.

INSURANCE

We carry third-party liability and fire insurance on certain completed developments in which we have an interest. We maintain public liability and assets insurance policies for our properties, the common facilities and the hotel operating areas of our properties. In addition, our property management subsidiaries also maintain property management liability insurance coverage in connection with their business operations. We generally do not maintain any insurance for our projects under development as it is a standard term in construction contracts in the PRC that the contractors bear the risk associated with the construction of the project. However, we may purchase such insurance if required by our creditors in respect of properties pledged to them. In addition, there are certain types of losses, such as losses from forces of nature, that are generally not insured because they are either uninsurable or because insurance cannot be obtained on commercially reasonable terms. This practice is consistent with what we believe to be the industry practice in the PRC.

ENVIRONMENTAL MATTERS

We are subject to PRC national environmental laws and regulations as well as environmental regulations promulgated by local governments. These include regulations relating to air pollution, noise emissions and water and waste discharge. Each of our property developments is required to undergo environmental assessments and submit the related environmental impact assessment document to the relevant government authorities for approval prior to the commencement of property development. Although we

have not submitted the environmental impact assessment documents with the local authorities with respect to certain projects, we have nonetheless obtained the relevant government approvals to commence the development of these projects. We do not believe that such failure to submit the environmental impact assessment documents has resulted in any, nor do we believe that it will result in any, material impact on these projects. On the completion of each property development, the relevant government authorities inspect the site to ensure that applicable environmental standards have been complied with, and the resulting report is then presented together with other specified documents to the local construction administration authorities for their record. We believe that our operation is in compliance with currently applicable national and local environmental regulations in all material respects.

HEALTH AND SAFETY MATTERS

We outsource all construction work to independent construction contractors and require them to comply with the required safety standards in accordance with written agreements. The contractors are required to comply with the environmental impact assessment and the conditions of the subsequent approval granted by the relevant government authority.

Under PRC law, we, as a property developer, are subject to very limited potential liability to the workers on and visitors to our construction sites, as the construction contractor assumes responsibility for the safety of the construction site. The main contractor takes overall responsibility for the site and the subcontractors are required to comply with the protective measures adopted by the main contractor. A contractor is required to adopt effective occupational injuries 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.

Our measures have been sufficient to meet the applicable safety standards, and we have not encountered any serious construction-related accidents or been charged for violations of safety standards.

MANAGEMENT

The following table sets forth certain information with respect to our directors and executive officers as of the date of this Offering Circular.

Name	Age	Position
Executive Directors		
Chu Kut Yung	33	Executive Director and Chairman
Zhang Fan	56	Executive Director and Co-president
Au Wai Kin	65	Executive Director
Xie Bao Xin	41	Executive Director and Chief Financial Officer
Bao Wenge	45	Executive Director
Independent Non-executive Directors		
Tan Leng Cheng, Aaron	65	Independent Non-Executive Director
Ching Yu Lung	51	Independent Non-Executive Director
Ip Wai Lun, William	65	Independent Non-Executive Director
Executive Officers		
Lucas Ignatius Loh Jen Yuh	55	Co-president
Zheng Yaoqin	59	Vice President
He Hui	41	Assistant President
Cai Zhonghui	42	Assistant President

DIRECTORS

Executive directors

Chu Kut Yung, aged 33, graduated from the Renmin University of China (中國人民大學), majoring in Finance. She joined the Group in 2006 and held the position as Assistant to President from 2009 to 2011. She was appointed as an Executive Director of the Company in November 2011 and was appointed as the Executive Vice President of the Company in March 2012. Ms. Chu had been the Deputy Chairman of the Company since July 11, 2013 until she was appointed as the Chairman of the board of directors of the Company (the “**Board**”) on January 10, 2020. Ms. Chu has solid experience in investment and management. She is also the chairman of the Nomination Committee of the Company and a member of the Option Shares Committee and the Finance Committee of the Company.

Zhang Fan, aged 56, holds a postgraduate qualification. Mr. Zhang joined the Group in March 2018 as chairman of the eastern regional company of the Group. In 2019, Mr. Zhang worked as the vice-president of the Group cum manager of the Guangdong-Hong Kong-Macao Greater Bay Area investment development committee of the Group. Mr. Zhang has been appointed as the co-president of the Group since January 2020. Mr. Zhang has been appointed as an Executive Director of the Company in November 2020. Mr. Zhang has substantial experience in corporate investment and operational management, primarily responsible for the optimization of the Group’s overall investment management system and operation management system, improvement in the Group’s primary and secondary land development models and national land development work, successfully expanding various first-level projects, formulating reform measures such as the Group’s development strategy and action plan, co-investment mechanism, adjustment of key position personnel, organizing the establishment of a large-scale operation management and control system, coordinating management and control operations, development and other pipelines to improve management and control operation efficiency and per capita effectiveness, and assisting projects to introduce industrial resources from multiple dimensions, strengthening the Group’s legal work and continuous improvement in the risk control level of the Group’s investment. He is also a member of the Option Shares Committee and the Finance Committee of the Company.

Au Wai Kin, aged 65, has been an Executive Director of the Company since 1997. Mr. Au joined the Group in 1995. He is also a director of various subsidiaries of the Company. Mr. Au graduated from Sun Yat-Sen University in Guangzhou and has over 20 years' experience in construction of buildings, town planning, real estate investment and property development. He is also a member of the Option Shares Committee and the Finance Committee of the Company.

Xie Bao Xin, aged 41, joined the Group in July 2002 and was the General Manager of Finance and Investment Management Centre of the Group and the members of the Group established in the Guangzhou District. He graduated from the Sun Yat-Sen University Lingnan (University) College and obtained a Bachelor degree in Economics. He has over ten years of experience in real estate and finance management. Mr. Xie has been appointed as Executive Director and Chief Financial Officer of the Company since July 11, 2013. He is also a director of certain subsidiaries of the Company. He is also a member of the Option Shares Committee and the Finance Committee of the Company.

Bao Wenge, aged 45, is a Vice President of the Group and Chairman of business investment department. He is also a director of certain subsidiaries of the Company. He graduated from the Tianjin University of Commerce and obtained a Bachelor degree in Economics. Mr. Bao joined the Group in 2000. He has worked in the real estate industry for over 20 years and successfully carried out several large-scale real estate projects. He is familiar with the operation of commercial properties, office buildings, residential projects, and hotel and property management. He has over 20 years of experience in real estate operation and management, marketing and operation management. Mr. Bao has been appointed as an Executive Director of the Company since November 18, 2014. He is also a member of the Option Shares Committee and the Finance Committee of the Company.

Independent Non-Executive Directors

Tan Leng Cheng, Aaron, aged 65, has been an Independent Non-executive Director of the Company since July 2, 2010. Mr. Tan currently serves as Senior Advisor to a global financial services firm and is also an independent non-executive director of a local bank. Prior to this, Mr. Tan was the managing director and head of the Hong Kong investment banking business of Barclays Capital. Mr. Tan holds a Bachelor of Commerce degree from the University of Alberta and has obtained a Master of Business Administration degree from City University in the United States of America. He is a Fellow Member of the Institute of Canadian Bankers. Mr. Tan has over 25 years of experience in the banking industry in both Canada and Hong Kong. Mr. Tan had held senior positions in several major and international financial institutions including Citicorp, JP Morgan Chase and HSBC. Mr. Tan has a wide breadth of experience in corporate and investment banking as well as capital markets. Mr. Tan was formerly the Vice Chairman of the Hong Kong Capital Markets Association. He is also the chairman of the Audit Committee, the Remuneration Committee and the Connected Transactions/Related Party Transactions Committee of the Company, as well as a member of the Nomination Committee of the Company.

Ching Yu Lung, aged 51, has been an Independent Non-executive Director of the Company since July 1, 2015. Mr. Ching currently serves as the chief financial officer of a company listed on the Stock Exchange. Mr. Ching also serves as the independent non-executive director of each of Shenzhen Investment Holdings Bay Area Development Company Limited (stock code: 737), Ngai Hing Hong Company Limited (stock code: 1047) and Termbray Industries International (Holdings) Limited (stock code: 93), all of them are listed on the Main Board of the Stock Exchange. He obtained a bachelor's degree in business administration from the Chinese University of Hong Kong and an executive master degree in business administration from Tsinghua University in 1992 and 2006, respectively. Mr. Ching is a fellow member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants, and member of American Institute of Certified Public Accountants. He has more than 28 years of experience in auditing, corporate finance and accounting. He is also a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Connected Transactions/Related Party Transactions Committee of the Company.

Ip Wai Lun, William, aged 65, has been an Independent Non-executive Director of the Company since May 6, 2021. Mr. Ip has over 26 years of investment banking experience in Asia, with a focus on Greater China and Japan. He was the executive director in the mergers and acquisitions department of SMBC Nikko Securities (Hong Kong) Limited during the period between April 2012 to January 2021. He served as the managing director and head of the investment banking department of Cantor Fitzgerald (HK) Capital Markets Ltd from 2010 to 2012. Prior to 2010, Mr. Ip has also worked at several major investment banks of Chinese and European background. Mr. Ip is a Chartered Financial Analyst Charterholder of the CFA Institute, the U.S. Mr. Ip has been a Responsible Officer for Type 1, Type 4 and Type 6 (including giving advice on matters falling within the ambit of The Codes on Takeovers and Mergers and Share Buy-backs (as amended from time to time)) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). Mr. Ip obtained a Bachelor of Science in Economics and a Master of Science in Economics from London School of Economics and Political Science, University of London. He also earned a Master of Business Administration (MBA) from the Wharton School of Finance, University of Pennsylvania. He is also a member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Connected Transactions/Related Party Transactions Committee of the Company.

Executive Officers

Lucas Ignatius Loh Jen Yuh, aged 55, is a Co-president of the Company. Mr. Loh was the Chief Executive Officer and the President of the China operation of Capitaland Limited (“**Capitaland China**”) between 2014 to 2021. Mr. Loh joined Capitaland Limited in 2001. Mr. Loh worked at Temasek Holdings between 1996 to 2001. Prior to 1996, Mr. Loh worked at the Inland Revenue Authority of Singapore. Mr. Loh obtained a Bachelor of Science (Real Estate) from National University of Singapore. He also earned a Master of Business Administration (MBA) from Oklahoma City University and completed the Advanced Management Program at Harvard Business School. Mr. Loh was a director of the following listed companies during the following periods: CapitaLand China Trust, whose shares are listed on Singapore Exchange Securities Trading Limited (Stock code: AU8U), between August 2019 and May 2021; Lai Fung Holdings Limited, whose shares are listed on the Stock Exchange (Stock code: 1125), between July 2010 and April 2021; Central China Real Estate Limited, whose shares are listed on the Stock Exchange (Stock code: 0832), between October 2014 and August 2019; and China-Singapore Suzhou Industrial Park Development Group Co., Ltd., whose shares are listed on the Shanghai Stock Exchange (Stock code: 601512), between November 2020 and May 2021.

Zheng Yaoqin, aged 59, is a Vice President of the Group and Chairman of Guangdong Hechuang Construction Company Limited. Mr. Zheng graduated from Guangdong University of Technology. He is a national first-class registered architect and senior engineer. He served as the General Manager of Guangdong Hanjian Construction Company Limited (廣東韓建工程總承包有限公司) and the General Manager of Guangdong Zhujiang Engineering Construction Limited (廣東珠江工程總承包有限公司). He joined the Group as Deputy General Manager of Northern China regional office of the Group and the General Manager of Guangdong Hechuang Construction Company Limited in 2015. Mr. Zheng has extensive experience in real estate development, engineering management and cost control.

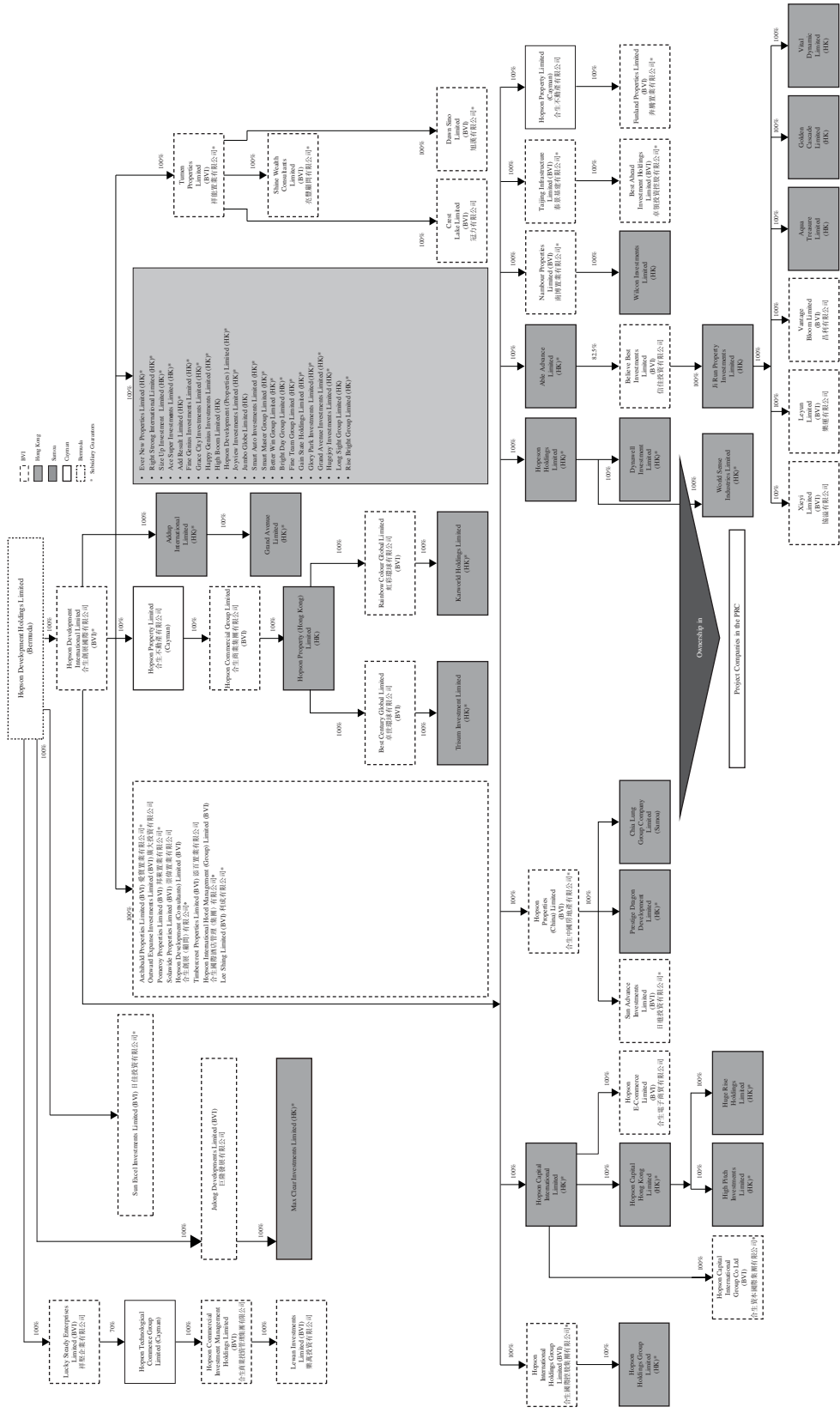
He Hui, aged 41, is an Assistant President of the Group and President of Hopson Capital Group. Ms. He graduated from University of International Business and Economics with a Bachelor degree. She joined the Group in 2004 and has served as Financing Manager, Vice General Manager and then General Manager of Investment and Financial Management Centre, General Manager of group operation platform, General Manager of Hopson Capital Investment and others. Ms. He has wide exposure in capital market operation, equity investment and investment and financing of real estate.

Cai Zhonghui, aged 42, is an Assistant President of the Group and the Executive Vice President of the Business Management Sector. Mr. Cai graduated from Sun Yat-Sen University with a master degree. He joined the Group in 2007. He has engaged in marketing, residential and commercial operations, investment and other work in the Group. He took lead in the management of a number of residential real estate and commercial complex projects, and has extensive investment and management experience.

SHAREHOLDING AND DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHARE OPTIONS

Corporate Structure

Set out below is the shareholding structure of the Group as at the date of this Offering Circular.



Directors' Interests in Shares, Underlying Shares and Debentures

As of June 30, 2021, the interests of our directors and their associates in our equity securities were as follows:

<u>Name of director</u>	<u>Capacity</u>	<u>Number of securities held</u>	<u>Approximate percentage of shares outstanding</u>
Au Wai Kin	Corporate interests	34,500,000 ⁽¹⁾	1.58%
Chu Kut Yung	Corporate interests	1,014,000 ⁽²⁾	0.09%
	Personal interests	1,000,000	

Notes:

- (1) Mr. Au Wai Kin held 34,500,000 shares of the Company through Yield Plentiful Incorporated, a company wholly-owned and controlled by him.
- (2) Ms. Chu Kut Yung held 1,014,000 shares of the Company through Ju Rong Investment Holdings Limited, a company wholly-owned by her.

Substantial Shareholders' Interests in Shares and Underlying Shares

As of June 30, 2021, persons who had interests or short positions in the shares or underlying shares as recorded in the register required to be kept by us under Section 336 of the Securities and Futures Ordinance of (Chapter 571 of the Laws of Hong Kong) (the "SFO") are as follows:

<u>Name of shareholder</u>	<u>Capacity and nature of interests</u>	<u>Number of issued shares</u>	<u>Approximate percentage of shares outstanding</u>
Sounda Properties Limited ⁽¹⁾	Beneficial owner	1,160,363,809	53.26%
Mr. Chu Mang Yee ⁽¹⁾	Interest of controlled corporation	1,160,363,809	53.26%
Farrich Investments Limited ⁽²⁾	Beneficial owner	395,246,625	18.14%
TheBest Investments Limited ⁽²⁾	Interest of controlled corporation	395,246,625	18.14%
Clear Build Investments Limited ⁽²⁾	Interest of controlled corporation	395,246,625	18.14%
Mr. Chu Yat Hong ⁽²⁾	Interest of controlled corporation	395,246,625	18.14%

Notes:

- (1) 1,160,363,809 shares were held by Sounda Properties Limited, which is wholly-owned by Mr. Chu Mang Yee. Mr. Chu Mang Yee was deemed to be interested in 1,160,363,809 shares under the SFO.
- (2) 395,246,625 shares were held by Farrich Investments Limited which is a wholly-owned subsidiary of TheBest Investments Limited. The entire issued share capital of TheBest Investments Limited is held by Clear Build Investments Limited which is in turn wholly-owned by Mr. Chu Yat Hong. Each of TheBest Investments Limited, Clear Build Investments Limited and Mr. Chu Yat Hong was deemed to be interested in 395,246,625 shares under the SFO.

Except as disclosed above, as of June 30, 2021, no person had interests or short positions in the shares and underlying shares that was required to be recorded under Section 336 of the SFO.

DESCRIPTION OF THE SHARES

The following is a description of the Shares, including summaries of material relevant provisions of the Bye-laws and the Companies Act 1981 (the "Act"). These summaries do not purport to be complete and are qualified in their entirety by reference to the full Memorandum of Association and Bye-laws.

MEETINGS

An annual general meeting of our Company shall be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules of the Designated Stock Exchange (as defined in the Bye-laws), if any) and place as may be determined by the board of directors of the Company (the "**Board**").

An annual general meeting and any special general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one (21) clear days' Notice (as defined in the Bye-laws). All other special general meetings may be called by not less than fourteen (14) clear days' Notice but a general meeting may be called by shorter notice if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all the Members (as defined in the Bye-laws) entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the issued shares giving that right.

The notice shall specify the time and place of the meeting and, in case of special business, the general nature of the business. The notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of the Bye-laws or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a member and to each of the Directors (as defined in the Bye-laws) and the Auditors (as defined in the Bye-laws).

VOTING RIGHTS AND RIGHT TO DEMAND A POLL

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting on a show of hands every Member present in person (or being a corporation, is present by a representative duly authorised under Section 78 of the Act), or by proxy shall have one vote and on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or

- (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.

Where our Company has any knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register (as defined in the Bye-laws) in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of the Bye-laws be deemed joint holders thereof.

A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office (as defined in the Bye-laws), head office or Registration Office (as defined in the Bye-laws), as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting, as the case may be.

No member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in our Company have been paid.

Where a resolution is voted on by a show of hands, unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in our minute book, shall be conclusive evidence of the facts without proof of the number or proportion of the votes recorded for or against the resolution. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

If permitted by the Act, a clearing house (or its nominee) if a corporation being a Member, may authorise such persons as it thinks fit to act as its representatives at any meeting of our Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the Bye-laws shall be entitled to exercise the same rights and powers as if such person was the registered holder of the shares of our Company held by the clearing house (or its nominee).

VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

Subject to the Act and without prejudice to the Bye-laws, all or any of the special rights for the time being attached to the shares or any class of shares may, unless otherwise provided by the terms of issue of the shares of that class, from time to time (whether or not our Company is being wound up) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting all the provisions of the Bye-laws relating to general meetings of our Company shall, *mutatis mutandis*, apply, but so that:

- (a) the necessary quorum (other than at an adjourned meeting) shall be two persons (or in the case of a member being a corporation, its duly authorised representative) holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting of such holders, two holders present in person (or in the case of a member being a corporation, its duly authorised representative) or by proxy (whatever the number of shares held by them) shall be a quorum;
- (b) every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him;
- (c) any holder of shares of the class present in person or by proxy may demand a poll.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

TRANSFER OF SHARES

Subject to the Bye-laws, any Member may transfer all or any of his shares by an instrument of transfer in the usual or common form or in any other form approved by the Board and may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. Without prejudice to the above, the Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in the Bye-laws shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person. Without limiting the generality of the Bye-laws, the Board may decline to recognise any instrument of transfer unless:

- (a) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to our Company in respect thereof;
- (b) the instrument of transfer is in respect of only one class of share;
- (c) the instrument of transfer is lodged at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and
- (d) if applicable, the instrument of transfer is duly and properly stamped.

If the Board refuses to register a transfer of any share, it shall, within two (2) months after the date on which the transfer was lodged with our Company, send to each of the transferor and transferee notice of the refusal.

The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in an appointed newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any means and in such manner as may be accepted by any Designated Stock Exchange to that effect be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.

SHARE REPURCHASE

Subject to the Act, the Company's memorandum of association and, where applicable, the rules of any Designated Stock Exchange and/or any competent regulatory authority, any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board upon such terms and subject to such conditions as it thinks fit.

DIVIDENDS AND OTHER PAYMENTS

Subject to the Act, our Company in general meeting may from time to time declare dividends in any currency to be paid to the Members but no dividend shall be declared in excess of the amount recommended by the Board. Our Company in general meeting may also make a distribution to the Members out of any contributed surplus (as ascertained in accordance with the Act). Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:

- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of the Bye-law as paid up on the share; and
- (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time our share capital is divided into different classes, the Board may pay such interim dividends in respect of those shares in our capital which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of our Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.

The Board may deduct from any dividend or other moneys payable to a member by our Company on or in respect of any shares all sums of money (if any) presently payable by him to our Company on account of calls or otherwise.

No dividend or other moneys payable by our Company on or in respect of any share shall bear interest against our Company.

Whenever the Board or our Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of our Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or

round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to our Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of our Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to our Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute our Company a trustee in respect thereof.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on any class of the share capital of the Company, the Board may further resolve either:

- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof if the Board so determines) in cash in lieu of such allotment.
- (b) that the shareholders entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

INSPECTION OF CORPORATE RECORDS

The Register and branch register of Members, as the case may be, shall be open to inspection between 10 a.m. and 12 noon on every business day by Members without charge or by any other person, upon a maximum payment of five Bermuda dollars, at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act or, if appropriate, upon a maximum payment of ten dollars at the Registration Office. The Register including any overseas or local or other branch register of Members may, after notice has been given by advertisement in an appointed newspaper and where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange or by any means and in such manner as may be accepted by any Designated Stock Exchange to that effect, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.

PROCEDURES ON LIQUIDATION

The Board shall have power in the name and on behalf of our Company to present a petition to the court for our Company to be wound up. A resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Act, divide among the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

MARKET PRICE INFORMATION

The table below sets forth the closing prices and the daily average trading volume of the Shares on the Hong Kong Stock Exchange for the periods indicated:

	Closing Share Price			Average Daily Trading Volume
	End	High	Low	
	(HK\$)			
2018				
First Quarter	8.145	8.527	6.391	1,859,112
Second Quarter	6.355	7.864	6.045	1,607,488
Third Quarter	6.055	6.682	5.691	793,226
Fourth Quarter	5.891	6.045	5.045	990,622
2019				
First Quarter	6.955	6.955	5.682	1,578,398
Second Quarter	7.682	8.545	6.809	2,166,888
Third Quarter	7.127	8.000	6.364	957,913
Fourth Quarter	7.182	7.391	6.827	797,684
2020				
First quarter	6.291	7.709	5.145	327,800
Second quarter	7.327	8.645	6.136	2,073,937
Third quarter	16.618	16.618	7.709	3,943,472
Fourth quarter	17.964	19.545	16.491	4,511,065
2021				
First quarter	25.455	25.864	17.145	2,575,204
Second quarter	32.364	35.909	23.682	1,814,549
Third quarter	25.182	33.500	23.409	1,723,946
Fourth quarter	16.260	26.600	15.260	2,096,885

Source: Hong Kong Stock Exchange

DIVIDENDS

Subject to the Companies Act and the Bye-laws, the Issuer may declare dividends in general meeting but no dividends shall exceed the amount recommended by its board of directors. The Issuer's board of directors may from time to time pay such interim dividends to the Shareholders as may appear to the board of directors to be justified by its profits. No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Issuer unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts, subject to certain requirements in accordance with the Companies Act. No dividends shall carry interest.

The Issuer has declared an interim dividend of HK50 cents per share to shareholders whose names appear on the register of members of the Company at the close of business on 15 October 2021. The dividend has been paid on 26 November 2021.

The Issuer has proposed to make a bonus issue of one new share for every ten existing shares held by shareholders whose names are on the register of members of the Company at the close of business on 15 October 2021 ("**Bonus Issue**"). The Bonus Issue has been made under the general mandate to issue shares of the Company granted by the shareholders to the Board by the resolution of the shareholders passed in the annual general meeting of the Company held on 11 June 2021. On 26 November 2021, a total of 216,544,892 shares were allotted and issued pursuant to the Bonus Issue.

TAXATION

The following summary of certain Bermuda, British Virgin Islands and Hong Kong tax consequences of the purchase, ownership and disposition of the Bonds and Shares is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this Offering Circular, all of which are subject to change (possibly with retrospective 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 Bonds or Shares and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Bonds or Shares or any persons acquiring, selling or otherwise dealing in the Bonds or Shares or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds or Shares. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the possible tax consequences of buying, holding, converting or selling any Bonds or Shares under the laws of their country of citizenship, residence or domicile.

Bermuda

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company or by the shareholders in respect of the Shares who are non-residents of Bermuda. The Company has obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until March 28, 2035, be applicable to the Issuer or to any its operations or to its Shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by the Issuer in respect of real property owned by or leased or let to the Issuer in Bermuda.

Stamp Duty

As an exempted company, we are exempt from all stamp duties except on transactions involving “Bermuda property.” This term relates essentially to real and personal property physically situated in Bermuda, including shares in local (as opposed to exempted) companies. Neither we nor holders of the Bonds, as the case may be (other than persons ordinarily resident in Bermuda), are subject to stamp duty or other similar duty in relation to the Bonds (including the transfer thereof).

British Virgin Islands

There is no income or other tax of the British Virgin Islands imposed by withholding or otherwise on any payment to be made to or by the Issuer pursuant to the Bonds.

No estate, inheritance, succession or gift tax is payable by persons who are not persons resident in the British Virgin Islands with respect to any shares, debt obligations or other securities of the Issuer, save for interest payable to or for the benefit of an individual resident in the European Union.

Hong Kong

Withholding Tax

No withholding tax in Hong Kong is payable on payments of principal or interest with respect to the Bonds, or upon conversion of the Bonds to Shares, payments in respect of the Shares, or upon disposition of Bonds or Shares.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue and transfer (for so long as the Bonds are denominated otherwise than in the currency of Hong Kong and such Bonds are not redeemable or otherwise redeemed in the currency of Hong Kong) or conversion of the Bonds.

Hong Kong stamp duty is payable on any purchase and sale of Shares for as long as the transfer thereof is required to be registered in Hong Kong. The duty is charged on each of the purchaser and the seller at the *ad valorem* rate of 0.13% of the consideration for, or (if greater) the value of, the Shares bought and sold. In other words, a total of 0.26% is currently payable on a typical sale and purchase transaction of Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5. Where a sale or purchase of Shares registered on a Hong Kong share register is effected by a person who is not resident in Hong Kong and any stamp duty payable thereon is not paid, the relevant instrument of transfer (if any) is chargeable with such duty in default and the transferee is liable to pay such duty.

PRC

Taxation of Interest and Capital Gains

We may be classified as a “resident enterprise” for PRC tax purposes, as described in “Risk Factors — Risks Relating to Conducting Business in the PRC — Under the EIT Law, we may be classified as a “resident enterprise” of China. Such Classification could result in unfavorable tax consequences to us and our non-PRC noteholders.” If we are deemed a “resident enterprise”, interest payable to the holders of the Notes and any gains realized by the holders of the Notes from the transfer of the Notes may be treated as income derived from sources within China. Non-resident enterprise holders of the Notes may be subject to PRC tax at a rate of 10% on their interest income or capital gains (which in the case of interest would be withheld at source), so long as they do not have an establishment or place of business in China or, despite the existence of establishment or place of business in China, the relevant income or gain is not effectively connected with such establishment or place of business in China. Non-resident individual holders may be subject to PRC tax at a rate of 20% on their interest income or capital gains (which in the case of interest would be withheld at source). Any PRC tax liability may be reduced under applicable tax treaties. However, it is unclear whether in practice non-resident noteholders would be able to obtain the benefit of income tax treaties entered into between PRC and their countries. Currently, we are of the view that we are not required to withhold such tax. However, there can be no assurance that our view will not be challenged in the future. If we are not deemed a “resident enterprise” for PRC tax purposes, non-resident enterprise and non-resident individual holders of the Notes will not be subject to PRC tax on interest received or gains from the transfer of the Notes. It is unclear whether the PRC tax authorities would treat us as a PRC “resident enterprise” and the application of interest income or capital gains tax to holders of Notes is uncertain.

Value-added Tax

According to the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax (“**Circular 36**”), which was promulgated on March 23, 2016 and became effective on May 1, 2016, business tax has been replaced by VAT from May 1, 2016 and the income derived from the provision of financial services which attracted business tax is now subject to VAT. According to Circular 36, the entities and individuals providing the services within PRC shall be subject to VAT. The services are treated as being provided within PRC where either the service provider or the service recipient is located in PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Notes may be treated as the holders of the Notes providing loans to the Issuer, which thus may be regarded as financial services subject to VAT. There is uncertainty whether the holders of the Notes would be regarded as providing the financial services within PRC and consequently, the holders of the Notes may be subject to VAT at the rate of 6% when receiving the interest payments under the Notes. In addition, the holders of the Notes shall be subject to the local

levies at approximately 12% of the VAT payment. Consequently, the combined rate of VAT and local levies would be around 6.72%. Given that the Issuer pays interest income to Note holders who are located outside of the PRC, the Issuer may be regarded as the obligatory withholding in accordance with applicable law and shall withhold VAT and local levies from the payment of interest income to Note holders who are located outside of the PRC.

Where a holder of the Notes, who is an entity or individual located outside of the PRC, resells the Notes to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically Circular 36 does not apply and the Issuer does not have the obligation to withhold VAT or the local levies.

The above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Lead Manager dated 8 December 2021 (the “**Original Subscription Agreement**”) and a supplemental subscription agreement with the Lead Manager dated 16 December 2021 (the “**Supplemental Subscription Agreement**”, together with the Original Subscription Agreement, the “**Subscription Agreement**”), pursuant to which and subject to certain the Conditions contained therein, the Company has agreed to sell to the Lead Manager, and the Lead Manager has agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds.

The Issuer has agreed to indemnify the Lead Manager against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Lead Manager are subject to certain conditions precedent and entitles the Lead Manager to terminate the Subscription Agreement in certain circumstances at any time up to the time when subscription moneys have been received and the Bonds issued.

The Lead Manager and certain of its affiliates have, from time to time, performed, and may in the future perform, certain investment banking and advisory services for the Issuer and/or its affiliates for which they have received or will receive customary fees and expenses. The Lead Manager and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Lead Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Issuer.

The Lead Manager or its affiliates may purchase the Bonds for their own account and enter into transactions, including (i) credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities or (ii) equity derivatives and stock loan transactions relating to the Shares of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). The Lead Manager and certain of its subsidiaries or affiliates have performed certain commercial banking, investment banking and advisory services for the Issuer or the Group from time to time for which they have received customary fees and expenses. In addition to the transactions services for the Issuer or the Group, the Lead Manager may, from time to time, engage in other transactions with and perform services for the Issuer or the Group in the ordinary course of business of the Issuer or the Group. In addition the Lead Manager and certain of its subsidiaries and affiliates may hold Shares as beneficial owners, on behalf of clients or in the capacity of investment advisors.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

GENERAL

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisors as to

what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer, the Subsidiary Guarantors or the Lead Manager that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer, the Subsidiary Guarantors or the Lead Manager, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer, the Subsidiary Guarantors or the Lead Manager.

United States

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and, subject to certain exceptions, may not be offered or sold within the United States.

The Lead Manager has represented, warranted and agreed it has not offered or sold, and will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf or any of its affiliates has engaged or will engage in any “directed selling efforts” with respect to the issuance of the Bonds.

Terms used in this paragraph have the meaning given to them by Regulation S.

United Kingdom

The Lead Manager has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Subsidiary Guarantors;
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom;
- (iii) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
- (iv) it has not offered or sold and will not offer or sell any Bonds other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer.

Prohibition of Sales to EEA Retail Investors

The Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bond to any retail investor in the European Economic Area (“**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 Directive 2014/65/EU (as amended, “**MiFID II**”); or
- (b) a customer within the meaning of Directive 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.

Prohibition of Sales to UK Retail Investors

The Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bond to any retail investor in the United Kingdom (“**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 by virtue of the European Union (Withdrawal) Act 2018 (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 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.

Hong Kong

The Lead Manager has represented, warranted and undertaken that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (“**SFO**”) and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32 of the laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under that Ordinance.

Singapore

The Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or

invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds 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 Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Future (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Japan

The Bonds have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, the Lead Manager has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds 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 organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Bermuda

The Lead Manager has represented, warranted and agreed that no invitation has been or will be made directly or indirectly to the public in Bermuda or a natural person who is a Bermuda resident or citizen to offer or sell the Bonds and the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in Bermuda, except as otherwise permitted by Bermuda law.

British Virgin Islands

No invitation has been or will be made directly or indirectly to the public in the British Virgin Islands or a natural person who is a British Virgin Islands resident or citizen to offer or sell the Bonds and the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by British Virgin Islands law.

GENERAL INFORMATION

- 1. Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code number 242003411 and the International Securities Identification Number for the Bonds is XS2420034113.
- 2. Legal Entity Identifier:** The Legal Entity Identifier of the Issuer is 549300HYMKPTC1DTZS42.
- 3. Listing of the Bonds:** Application has been made to Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on 11 January 2022.
- 4. Listing of Shares:** Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares arising on conversion of the Bonds. It is expected that dealing in, and listing of, such Shares on the Hong Kong Stock Exchange will commence when they are issued. The International Securities Identification Number for the Shares is BMG4600H1198.
- 5. Authorisations:** Each of the Issuer and the Subsidiary Guarantors has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of their respective obligations under the Bonds, the Trust Deed, the Bonds Guarantees and the Agency Agreement. The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer passed on 3 December 2021. The giving of the Bonds Guarantees was authorised by resolutions or minutes, as the case may be, of the board of directors of each of the Subsidiary Guarantor on 3 December 2021. The issue of the Bonds was authorised by the specific mandate granted in a special general meeting of the Issuer held on 6 January 2022.
- 6. No Material Adverse Change:** There has been no change (nor any development or event reasonably likely to involve a prospective change of which the Issuer or any of the Subsidiary Guarantors is, or might reasonably be expected to be, aware) which is materially adverse to the condition (financial or otherwise), prospects, results of operations, business, properties or general affairs of the Issuer, the Subsidiary Guarantors or of the Group, respectively, since 30 June 2021.
- 7. Litigation:** Neither the Issuer, the Subsidiary Guarantors nor any of their respective subsidiaries is involved in any litigation or arbitration proceedings which are material in the context of the Bonds nor is the Issuer, the Subsidiary Guarantors or any of their respective subsidiaries aware that any such proceedings are pending or threatened.
- 8. Audited Financial Statements and Unaudited Interim Financial Statements:** The Issuer's consolidated financial statements as at and for the years ended 31 December 2019 and 2020, and the Issuer's interim condensed consolidated financial statements as at and for the six months ended 30 June 2021 have been incorporated by reference in this Offering Circular. The Issuer's consolidated financial statements as at and for the years ended 31 December 2019 and 2020, together with the related unqualified auditor's reports issued by PricewaterhouseCoopers dated 24 March 2020 and 24 March 2021, respectively, were contained in the Issuer's 2019 and 2020 annual reports, respectively. The Issuer's interim condensed consolidated financial statements as at and for the six months ended 30 June 2021, together with the related unmodified review report issued by PricewaterhouseCoopers dated 25 August 2021 in accordance with HKSRE 2410, were contained in the Issuer's 2021 interim report.

9. **Documents:** Copies of the latest published annual report and audited consolidated financial statements of the Issuer for the year ended 31 December 2020 and the unaudited interim condensed consolidated financial statements as at and for the six months ended 30 June 2021, as well as the Issuer's Memorandum of Association and Bye-laws and copies of the Trust Deed and the Agency Agreement will be available for inspection from the Issue Date, at the specified office of the Issuer at Unit 4903-4910, 49th Floor, The Center, 99 Queen's Road Central, Central, Hong Kong. Copies of the Trust Deed and the Agency Agreement will be available for inspection from the Issue Date upon written request and satisfactory proof of holding at the principal office of the Principal Agent at Level 24, HSBC Main Building, 1 Queen's Road Central, Hong Kong between 9:00 a.m. and 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays), so long as any of the Bonds is outstanding.

ISSUER

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